Automotive News®

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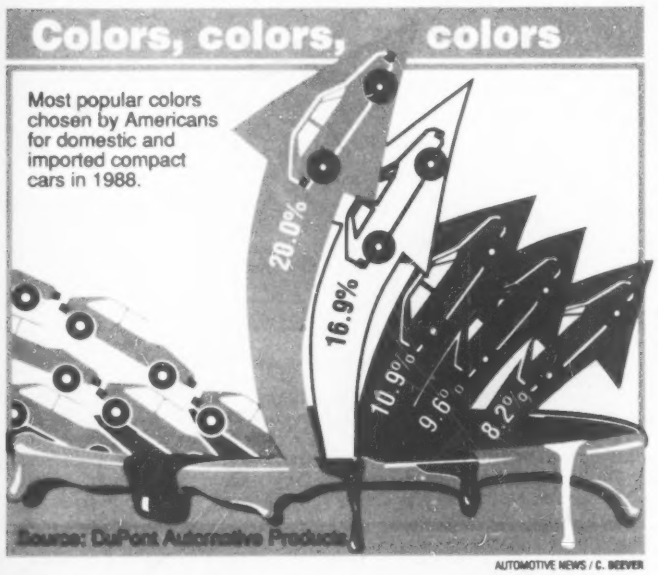


AUTOMOTIVE NEWS / C. BEEVER

Chrysler trimming costs, expects '90 sales to fall

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

HIGHLAND PARK, Mich. — Chrysler Motors is battening down the hatches and readying a cost-cutting campaign as it predicts that U.S. vehicle sales will drop to 14.2 million units in the 1990 calendar year.

Chrysler Motors Chairman Bennett E. Bidwell said in an interview that Chrysler internally is forecasting U.S. sales of 9.4 million cars and 4.8 million trucks in 1990.

Chrysler is predicting that U.S. car and truck sales in the second half of 1989 will be lower than in the first half. The company had been predicting 15 million for the year; now it has reduced its second-half forecast to an annual rate of 14.5 to 14.7 million sales. First-half sales for the industry were down 6.55 percent from 1988 and the annual rate was 14.9 million in the first six months of 1989.

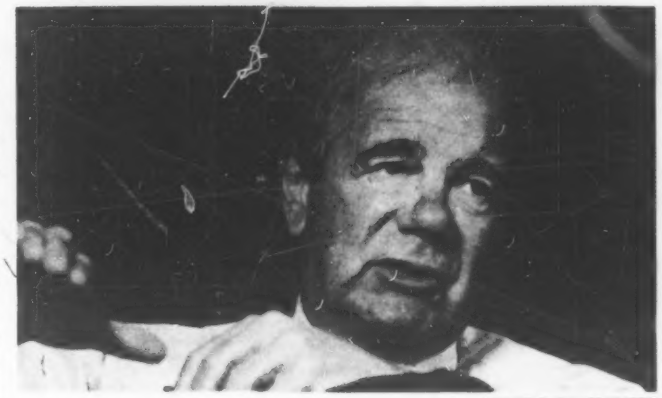
Ford Motor Co. earlier this month revised its 1989 sales forecast to 14.7 million units, down 300,000 from its estimate at the start of the year.

"Everybody says there is a recession coming. In my judgment, we've been in a mild recession in the auto industry for at least a year," Bidwell said.

He cited a drop from a seasonally adjusted annual selling rate of 16.5 million units in the first quarter of 1988 to 15.5 million units in the fourth quarter of 1988 and 14.6 million units in the first quarter of 1989.

Bidwell said that without the "artificial respiration" of retail incentives, selling rates would be 500,000 to one million units lower.

see BIDWELL, page 57



AUTOMOTIVE NEWS/JOE WILSBERG

Chrysler's Bennett E. Bidwell: "In my judgment, we've been in a mild recession in the auto industry for at least a year."

Car orders simplified

Chrysler analyzes sales to help dealers

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

WARREN, Mich. — In the auto industry's latest and most ambitious effort to simplify vehicle ordering, Chrysler Motors has launched a Customer Preferred program on some 1990 cars.

The program kicked off nationally with 1990 Plymouth Sundance and Dodge Shadow orders and all 1990 Chrysler Motors domestic-car orders in California, except those for Jeep-Eagle Division models.

Chrysler will use computerized analysis to help dealers order specific, popularly equipped models for their individual markets, thereby keeping the best-selling models continuously in stock.

It will be expanded nationally to more models in the 1991 model year and will include all Chrysler vehicles within two to three years, according to Michael E. Dowd, Chrysler Motors' manager of sales inventory management.

The program will also become part of the $100 million satellite system under which every Chrysler dealership is being equipped with a two-way communications dish.

Domestic automakers and their dealers have long wrestled with the headaches and costs in the complex field of optional equipment.

Manufacturers offer big discounts to persuade dealers and customers to order special equip-

See ORDERS, Page 54

Automotive News exclusive: Analyst Keller's GM book

Highlights from "Rude Awakening: The Rise, Fall and Struggle for Recovery of General Motors," by Maryann Keller.

- How GM spent tens of billions on technology while ignoring continuous improvement
- Why the Hamtramck plant's robots didn't work
- How Hoglund improved efficiency while Reuss spent
- Why Allante flopped
- The promise and risk of Saturn: It has to be "perfect"

Excerpts on pages 52-53.

Big 3 lobbies, gets break in Bush air plan

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Roger Smith and other top Big 3 executives lobbied President Bush's chief of staff last week in a last-minute effort to press their concerns over clean air legislation.

That visit and other contacts with the administration paid off somewhat with the industry winning a longer phase-in period for tighter 1993 tailpipe emission standards for cars and light trucks. And light-truck standards will not be as strict as those initially outlined in Bush's draft proposal announced last month.

But the industry was still disappointed with the light-truck levels and provisions requiring them to sell alternative fuel vehicles.

Joining the General Motors chairman in the meeting with John H. Sununu were Chrysler Corp. Vice Chairman Gerald Greenwald and Ford Motor Co. Executive Vice President D. Allan Gilmour. They met last Wednesday to talk about the legislation that was unveiled Friday.

A joint statement released by the automakers said, "The purpose of the meeting was to reaffirm support for legislation that can lead to a proper balance between effectiveness in cleaning the air and the economics involved, such as international competitiveness."

The Big 3 was worried specifically about tighter 1993 tailpipe emission standards that

see CLEAN AIR, page 57

Smith

Greenwald

Gilmour

Ford kills modular truck plan for '90s

By Dutch Mandel
AUTOMOTIVE NEWS STAFF REPORTER

Ford Motor Co.'s ambitious program to develop composite and modular trucks has been killed.

"It's dead. The PN38 program is dead, kaput, defunct," a source familiar with the program said. "It has not been postponed."

The death knell was sounded because of Ford's capital spending cuts and low profitability projections, combined with the cost of the new technology and concern over fuel-economy standards.

The PN38 program would have created a modular truck platform on which to build plastic vans, pickups and sport-utilities beginning in 1993 and driving the company into the next century.

Officially, a Ford spokesman said no decision had been made on PN38's fate. But he said questions are being raised industry-wide surrounding future product programs.

Questions about the PN38 project's health were raised last spring with the abrupt departure of its overseer, Thomas S. Moore, executive engineer for vehicle engineering in Ford's truck operations, left the company tojoin Chrysler Motors as general manager of New Liberty Vehicle Engineering. Moore, 48, was a 20-year Ford veteran.

By canceling PN38, Alexander J. Trotman, executive vice president of Ford's North American automotive operations, lops what could ultimately have cost the company $5 billion in product spending.

The PN38 project originally included replacements for

see TRUCKS, page 58

IN NEWSPAPER

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Yugo proposal favors dealers:
Bankrupt Yugo America proposes repaying its dealers half in cash and half in cars. Unsecured creditors would get nine cents on the dollar.
Story on page 3.

Cadillac bucks a trend; '90 ads will stress safety

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT -- Cadillac will roll out a national advertising campaign in the 1990 model year that emphasizes the safety aspects of its automobiles. Other GM divisions are likely to follow suit.

The campaign reverses a trend. Automakers for years have argued that safety doesn't sell automobiles and have stayed away from it in their advertising.

But test-market research conducted by Cadillac in eight cities indicates otherwise. In the cities where Cadillac heavily advertised the safety aspects of its cars, sales for November and December 1988 rose 35 percent over the year-earlier total while sales in control-group markets rose 19 percent.

Cadillac interviewed 833 buyers before and after the advertising campaign. Many of the buyers said they were more interested in safety after seeing the advertising than they had been before.

They said safety became a factor in their purchase decision. First-time Cadillac buyers were found to be the most likely to consider safety as a factor.

As a result of the positive test-market results, Cadillac will use the safety ads nationwide beginning this fall, said Elias R. Torre, Cadillac assistant general sales manager for marketing. The advertising will be combined with a comprehensive training program for dealership personnel on how to sell safety.

Torre said Cadillac was selected to do the test-market research after the medical community and GM's medical advisory committee pressured the automaker to tell the GM safety story.

The specific advertising campaign was developed by ad agency D'Arcy Masius Benton & Bowles after Cadillac ran consumer focus groups in six cities. Torre said those groups suggested Cadillac use a warm, family approach rather than a threatening angle that showed cars crashing.

The campaign themeline is "Building a safer automobile, Cadillac style," an extension of Cadillac's theme of "The only way to travel is Cadillac style."

Other ads use the slogans: "At Cadillac, we don't just surround your family with luxury. We surround them with safety." Still others say: "Cadillac proves a beautiful automobile can also be a safer automobile."

The ads note various Cadillac safety features including anti-lock brakes, side-door beams and crash-protective fuel tanks.

The promotion of safety in GM advertising comes in the first model year that the federal law requires that all cars be equipped with passive belts or air bags. As a result, the auto industry is expected to install air bags in about 3 million cars in 1990.

GM President Robert Stempel said at the automaker's press conference on automotive safety last week that GM will build 500,000 air bag-equipped cars during the 1990 model year, making the bags standard equipment on 13 models and optional on two others.

Chrysler will make air bags standard equipment on 16 models, or about 1 million cars in 1990. Ford will make air bags standard on nine models.

Two Geo models will have air bags; elsewhere, they will be on GM's higher-priced cars. Stempel said the air bags had to go on less-price-sensitive cars because of the expense. He said the system costs GM more than $500 per car.

AUTOMOTIVE NEWS/JOE WILKENS

GM President Robert Stempel demonstrates the automaker's air bag.

For 1990, air bags will be standard on: all Cadillac models; Buick Reatta and Riviera; Chevrolet Camaro and Corvette; Geo Metro convertible and Storm; Oldsmobile Toronado; and Pontiac Firebird. They will be optional on the Oldsmobile 88 Royale and 98 Regency.

A recent GM study on the effectiveness of air bags showed that they reduce fatalities 18 percent when used in combination with seat belts. Stempel declined to reveal how much the prices of 1990 vehicle will be increased to cover the cost of passive restraints.

Aussie debut nears for Capri; turbo offered

By Barry Brazier
SPECIAL CORRESPONDENT

Ford Motor Co.'s answer to the Mazda Miata MX-5 is nearing its Australian debut, and details on the car to be sold next year in the United States as the Mercury Capri are beginning to trickle out.

The Australian-built convertible will bow Down Under in September, with U.S. and European launches slated for February or March.

The front-wheel-drive Capri will be based on Mazda's 323 platform and, unlike the rear-drive Miata, will offer 2+2 seating.

Not only does the Capri have greater seating area, it also will have a turbocharged engine option at approximately $2,000 above the projected base price of $11,500 (U.S.). Test vehicles are currently fitted with the Mazda 323-GTX 1.6-liter, 16-valve turbo engine capable of 132 horsepower and 136 pounds-feet of torque.

The base engine, which is expected to be approximately 82 hp, will be mated to either an automatic transmission or a five-speed gearbox. The Miata offers only a manual transmission.

Ford also plans to offer the five-speed with the turbo engine. The turbo model is expected to accelerate from zero-to-60 mph in about eight seconds. Turbocharged cars will be denoted by a two-tone paint trim, split at the beltline.

BARRY BRAZIER PHOTOGRAPHS

Ford of Australia's Capri goes on sale there in September. The car offers 2 + 2 seating. U.S. versions are expected early next year.

Both models will be offered in a standard Ghia trim level that includes power windows, anti-theft stereo radio system, dual electric mirrors and adjustable steering wheel. Package tray, glove box and analog gauges — including a turbo boost gauge on turbocharged models — are standard. Air conditioning will be optional at or below $1,500 ($1,080 U.S.).

The soft top can be stored under a metal panel similar in design to those in BMW 3-series and Corvette convertibles. There will also be an optional hard top for about $1,900 ($1,370 U.S.).

The car's suspension uses MacPherson-struts at all four corners. Power disc brakes and power steering are standard.

Sources say Ford is planning to build 8,000 to 9,000 vehicles for the Australian market the first year, with the United States getting 15,000 to 20,000 and Europe being allotted about 5,000.

While first-year production is set at about 30,000 units, Ford expects to build about 50,000 units annually.

All U.S.-bound Capris will have a driver's-side air bag to meet federal passive-restraint requirements.

UAW vote at Nissan called more than a one-plant test

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

NASHVILLE, Tenn. — When the 2,400 production workers at Nissan Motor Manufacturing Co. cast their votes this week on union representation, the outcome will undoubtedly set the tone for labor-management relations at all non-union transplants and suppliers.

For the UAW, dogged by years of membership decline and recent dissension among the rank-and-file, winning the Nissan election could be one of the biggest plums it has picked in this decade.

Yet labor experts predict the union will fail in its bid and the UAW itself is downplaying the vote's importance.

"I'm frankly a little tired of reading about how this election is going to make or break us," said Maxey Irwin, a private consultant and former union worker who was enlisted by the UAW as a combination spokesman and adviser. "This isn't the biggest campaign we've done, and it isn't the only one we're doing. It isn't going to determine the future of the labor movement in the United States or the South. The Nissan election is important only in so far as it relates to the people who work there."

Richard Lowe, a national labor-management consultant with the Nashville-based law firm King and Ballow who has followed the labor situation at Nissan, predicts the bid will fail. "The question isn't whether the UAW will lose or not at Nissan," Lowe said. "The question is how badly they'll get beaten. I would guess the outcome to be 60 to 40, in favor of Nissan. If it ends up any worse than that, you probably won't hear much from the UAW for a while."

But Jim Weaver, UAW international representative and coordinator for the Nissan campaign, predicts a union win — estimating a 58 percent majority of support for the drive now. Organizers spent the plant's mid-July shutdown attempting to reach 1,700 workers in a door-to-door canvassing effort. Weaver said a core of about 35 organizers finally reached 1,693 employees.

It's hard to say who is more accurate, although the usual campaign signs of active union support at the plant — UAW caps, bumper stickers and on-site rallies — are missing. Perhaps more visible as workers come and go at the operation are the bright red shirts that read, "Union Free and

see NISSAN, page 55

Can't match GM on incentives, says Chrysler's Bidwell

By Mary Connelly and Laura Clark
AUTOMOTIVE NEWS STAFF REPORTERS

Chrysler cannot afford to match General Motors' incentive program, Chrysler Motors Chairman Bennett E. Bidwell said last week.

Chrysler estimates GM's program costs more than $1,000 per vehicle, Bidwell said, compared to Chrysler's program, which costs $700 per vehicle.

GM is offering sweetened rebates and alternative cut-rate loans on almost all its vehicles. GM also announced a cleanup program for dealers with rebates up to $1,000 per vehicle.

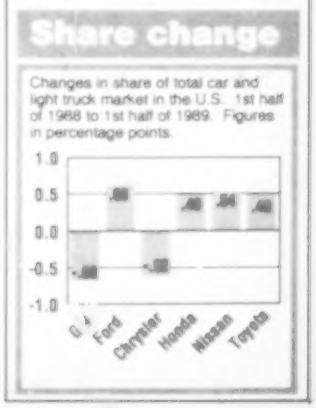
"It's just gone a little crazy," Bidwell said. "It would cost us a lot of money in the third quarter to match what they have done."

Bidwell said GM would have been better off offer-

see INCENTIVES, page 58

Correction

A chart in the July 10 issue on change in market share was based on a comparison with unrevised sales figures from 1988 and a different vehicle mix. The correct chart is below.



'90 ads seek to erase Plymouth's stodgy image

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

HIGHLAND PARK, Mich. — Plymouth's 1990 advertising campaign is designed to overcome the brand's stodgy image and convince buyers that it offers a contemporary array of vehicles, according to Chrysler Motors Chairman Bennett E. Bidwell.

Bidwell in an interview acknowledged that the Plymouth nameplate needs to be revitalized.

"The guy I put on the 1990-model-year advertising said, 'Well, the first thing you do is change the name to Thoumply,' " quipped Bidwell, playing off the Plymouth name. "I said, 'That's a little radical.' He said the problem is that there are people who really like Plymouth but they don't want to be seen in a Plymouth."

"Plymouth is like that old song about Mobile, Ala. Dorothy Loudon sang it, and she sang, 'it just kind of sits there.' "
— BIDWELL

Bidwell said it is harder to differentiate Plymouth in the market than Chrysler, the luxury division, or Dodge, the performance division. Plymouth marketing suggests it offers contemporary value.

"Plymouth is like that old song about Mobile, Ala. Dorothy Loudon sang it, and she sang, 'it just kind of sits there.' " Bidwell said.

"We're going to spark Plymouth. We're going to have some fun with Plymouth."

"We're going to build the brand to mean that instead of you buying it *despite* the fact that it's a Plymouth, you buy it *because* it's a Plymouth," he said.

Bidwell said the perception of the brand lags behind the actual products in the showroom and that the 1990 ad campaign will work to correct that.

"Good cars will get it done," he said. "The product job is 70 to 80 percent done.

"The Plymouth line was a Reliant, a Caravelle, a Horizon, a Turismo and a Gran Fury," Bidwell said. "Now look at the brand of Plymouth today — a Voyager, a Laser, an Acclaim and a Sundance. That's a pretty competitive lineup today. There's a little pizzazz to it."

Bidwell declined to specify the 1990 Plymouth ad theme. But he said campaigns for Chrysler, Plymouth and Dodge will change for the new model year. The company is striving to find successful campaigns that can run for four to five model years.

In 1989, Plymouth used the tagline "The 9 most important words Plymouth knows: satisfy the customer, satisfy the customer, satisfy the customer."

Bidwell said the concept of satisfying the customer may remain in the new Plymouth campaign.

He also said the company will retain the Jeep campaign, which has used the theme "Only in a Jeep."The 1990 Eagle campaign will refine recently introduced 15-second television spots, he said.

The "New Spirit of Dodge" campaign will be dropped, but Bidwell said the music may be used.

GM sales outgain rivals in Europe

Vectra/Cavalier paces advance; overall market rise continues

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — General Motors, which had been losing market share in Europe since 1985, staged a turnaround in the first half of 1989.

Bolstered by demand for its new compact Opel Vectra/Vauxhall Cavalier, GM sales rose at a faster rate than Europe's five other full-range manufacturers — edging past high-flying Peugeot S.A. in the second quarter. Meanwhile, BMW's sales growth outpaced all other major European carmakers in the January-June period.

Overall, the European industry showed surprising strength in the first half of the year. New-car sales in 17 Western European countries during June increased 4.8 percent to 1,175,800 units, according to industry estimates compiled by Automotive News.

Sales in the first half climbed 6 percent over last year's record to 7,263,400, despite universal predictions of a decline in 1989.

Fiat Auto ranked first with a 15.5 percent market share. Volkswagen-Audi-Seat, Europe's sales leader the past four years, was next with 14.7 percent.

Strong June sales once again pushed back the long-anticipated drop in European sales, though most analysts still expect a second-half decline. Sales were flat in May after a 10.4 percent gain in April.

GM's surge in market share is due to the Vectra/Cavalier, introduced last fall. According to separate statistics released by GM, European sales of the model totaled 167,376 in the first five months of 1989, compared to 106,089 for the previous Ascona/Cavalier model in the same period in 1988.

According to independent industry estimates, GM's European sales rose 9.8 percent in the first half to 802,000 cars, driving market share to 11 percent from 10.7 percent in the same period last year. In June, GM sales increased 8.6 percent to 132,900, a market share of 11.3 percent.

GM's European share peaked at 11.4 percent in 1985 and declined each year since then, dipping to 10.6 percent last year. But so far this year, Opel/Vauxhall sales have outpaced overall growth in all of Europe's major markets, rising 33 percent to 50,800 units in Italy, 13.2 percent to 182,300 in the United Kingdom, 12.9 percent to 57,200 in France and 14.1 percent to 83,900 in Spain.

In West Germany, GM's six-month sales were up 7 percent to 248,700 in a market that improved only 3.2 percent. Opel's German share rose from 15.7 percent in the first half of 1988 to 16.3 percent this year, while German market shares for VW and Ford declined.

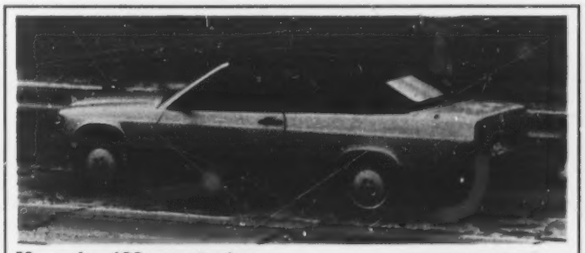
But in all of Europe, GM trailed Ford Motor Co., which finished the first half with 11.5 percent of the market. For the period, Ford sales were up 7.1 percent. The company's June increase of 16.7 percent to 141,900 was tops in Europe for the month. In the United Kingdom, Ford's best European market,

see EUROPE, page 55

EUROPEAN SALES

Manufacturer	6 Mos. 1989	1989 share*	6 mos. 1988	Volume Change '89 vs '88
Fiat Group*	1,126,800	15.5	1,050,300	+ 7.3
VW-Audi-Seat	1,069,400	14.7	1,003,700	+ 6.6
PSA**	938,600	12.9	868,700	+ 8.0
Ford	834,000	11.5	778,400	+ 7.1
General Motors***	802,000	11.0	730,660	+ 9.8
Renault	726,200	10.0	691,400	+ 5.0
Mercedes-Benz	232,100	3.2	241,800	– 4.0
Austin Rover	215,400	3.0	227,700	– 5.4
BMW	212,700	2.9	180,200	+18.0
Nissan	213,300	2.9	195,800	+ 8.9
Toyota	179,400	2.5	181,400	– 1.1
Volvo	146,300	2.0	144,300	+ 1.4
Mazda	123,700	1.7	131,700	– 6.1
Mitsubishi	88,900	1.2	80,900	+ 9.8
Honda	71,600	1.0	75,600	– 5.3
Others	283,000	3.9	271,000	+ 4.4
Total	7,263,400	100.0	6,853,500	+ 6.0

*Doesn't add to 100 because of rounding
**Includes Alfa Romeo
***Peugeot, Citroen, Talbot
****Opel, Vauxhall, GM-U.S. Canada



Mercedes 190 goes topless HIDDEN IMAGE/HANS G. LEHMANN

A prototype of a Mercedes 190 cabriolet was caught in this spy photo. It reportedly may be on the market in two years' time or less and be equipped with engines ranging from a 2-liter four-cylinder to a 2.8-liter, four-valve, in-line six producing 220 horsepower.

Yugo debt-payment plan gives dealers favored role

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — In a proposed bankruptcy settlement, Yugo America has offered its unsecured creditors only nine cents on the dollar, while its active dealers will get 50 cents, plus the remainder of their money in cars and parts.

Unsecured creditors are offered the option of receiving 21 cents on the dollar if they're willing to spread payments over three years. Dealers no longer active with Yugo are being offered the same deal as other unsecured creditors, according to sources familiar with the negotiations.

Yugo America officials confirmed that offers have been put on the table in the last two weeks, but said the specifics are confidential.

To settle its accounts and work its way out of bankruptcy, the company needs the approval of at least half its creditors, representing at least two-thirds of its total debt of more than $50 million.

During proceedings in U.S. Bankruptcy Court, the company listed about $35 million in unsecured debt and about $16 million in secured debt, which is backed by liens or other security.

If a settlement isn't reached by early September, Yugo America loses its exclusive right to devise its own reorganization plan, and the creditors could impose a plan of their own.

Peter Redston, a Jeep-Eagle and Yugo dealer in Wappingers Falls, N.Y., and head of a dealer creditors' committee, confirmed last week that dealers will eventually

see YUGO, page 55

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Audi rejoices in ad as 'runaway' probe ends

By Dutch Mandel
AUTOMOTIVE NEWS STAFF REPORTER

Audi's battle against charges of unintended acceleration officially ended this month, and within days the company placed a one-time print ad to punctuate the results.

The ad appeared July 18 in USA Today, The Wall Street Journal and 34 major-market daily papers.

"This is a one-time, one-shot, case-closed ad," an Audi spokesman said.

On July 11, NHTSA completed its investigation of unintended acceleration. NHTSA concluded there was no mechanical or electrical defect that would cause the alleged malady, thereby vindicating Audi.

Chicago lawyer Robert Lisco sees it another way. "These guys have a lot of nerve," he said of Audi. "This case is not closed."

Lisco represents up to 300,000 Audi 5000 owners who are seeking damages for lost resale value that they blame on the unintended-acceleration controversy.

Audi did not decide to advertise the NHTSA findings on the spur of the moment. "We have had a closure case plan for the last couple of weeks. We knew the tone we wanted to get and the kind of ad. The actual words had to wait until NHTSA came up with its findings," the Audi spokesman said.

The final few paragraphs of the advertisement were written and approved the day after NHTSA's decision. Audi of America's agency is DDB-Needham in Chicago.

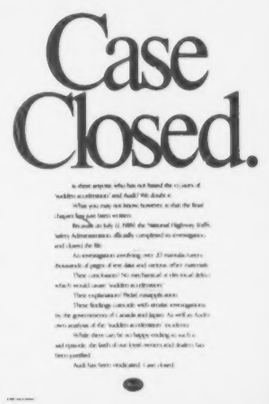
The headline — "Case Closed" — was followed by a full page of copy explaining NHTSA's findings. The final paragraph summarized the company's point of view: "Audi has been vindicated. Case closed."

Audi said it plans no television, radio or enthusiast press advertisements. The only medium outside the daily press to carry the ad is Automotive News.

The allegations of unintended acceleration have plagued Audi for three years. The allegations were brought to the public's attention by CBS's "60 Minutes."

Audi said there are no official plans to bring the NHTSA findings to the attention of "60 Minutes."

"If any of our owners or dealers wanted to point it out to them, they would get no objection from us," the Audi spokesman said.


Case Closed.

Audi's full-page advertisement

'Smokeless' diesel developed by Navistar

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

ANAHEIM, Calif. — With both federal and regional governments pushing proposals to curb air pollution, Navistar International may be in the right place at the right time with its new diesel engine.

Navistar, Chicago-based producer of International trucks, will begin testing the industry's first "smokeless" diesel engine in Southern California next year, according to John R. Horne, general manager of Navistar's engine and foundry division.

A prototype of the clean-burning engine, called the '94 Smokeless, was displayed at the 1989 International Trucking Show here.

The new design emits almost clear exhaust because it burns fuel more efficiently than the traditional diesel engines that power most big trucks, Horne said.

The prototype model already meets the toughest 1994 state and federal pollution standards for diesel engines.

"We are confident that we will be able to begin full-scale production of this engine in 1994 through advances in fuel injection system and cylinder design, development of a new catalytic converter and the use of low-sulfur diesel fuel," Horne said.

The International '94 Smokeless Diesel will eliminate the kind of black smoke that has given the diesel a bad reputation.

The prototype engine also will significantly reduce emissions of every other major pollutant — hydrocarborns, oxides of nitrogen and carbon monoxide, Horne said.

A combination of technologies was used to create the smokeless engine. The prototype has a turbocharger with charge-air cooling that uses ambient air to cool the air going into the combustion chamber. That allows lower NOx without sacrificing fuel economy, Horne said.

The pistons and rings have been designed for maximum air utilization and minimum oil consumption. That helps reduce the carbon black in the particulate matter.

Navistar also installed two catalytic converters in the exhaust. They are formulated to reduce the unburned hydrocarbon portion of the particulates.

Horne said the prototype differs from the engine Navistar plans to sell in 1994 in one major respect. The prototype has a mechanically driven pump-line-nozzle system. The rate of injection of the fuel injection pump is controlled mechanically, although the pump is governed electronically.

The actual 1994 engine will be equipped with unit injectors. There, activation is controlled by electronic-hydraulic means. The system will improve the control of the injection rate and also provide better control of both injection pressure and injection timing over the engine's full range of speed and power, according to Horne.

"We still have several years of work ahead of us to turn this into an engine we can make on a production line," he said.

The company said the chief reason it can't introduce the new engine to the market sooner is that it still hasn't proved the durability of the catalytic converter for the 150,000 miles required by law.

So far, durability has been demonstrated only to 50,000 miles, the firm said.

The engine must also await widespread availability of low-sulfur fuel required for the effective use of its catalytic converters. Such fuel won't be available nationally until October 1993, according to Navistar.

Horne said the company will test the prototype engine in Southern California because that state's air resources board already requires the availability of diesel fuel Navistar needs for its converters. The next step is to find a trucking company that will test 20 to 25 trucks equipped with the smokeless diesel, he added.

Looking beyond 1994, Horne said Navistar believes it can achieve further NOx emissions reductions of up to 25 percent in its diesels and do it without significant cost increases, major fuel economy penalties or further changes in fuels.

Navistar said it has spent $20 million on research in the last few years to develop the new engine.

At this point, it may be the only manufacturer willing to state publicly that it will meet the 1994 standards cost-effectively.

Navistar gears up to double aftermarket parts business

ANAHEIM, Calif. — Navistar International captured 27 percent of the U.S. Class 6-8 truck market last year but only 7 percent of its aftermarket parts business.

Neil A. Springer, Navistar chairman and president, told the Motor Equipment Manufacturers Association here that the company will "do everything we can" to lift its parts sales to the market-share-level of its new-truck sales.

Navistar plans to double its parts business over a five-year period, which began in 1987.

The company has been emphasizing dealer and customer product support as well as profitable aftermarket growth, Springer said.

A core group of dealer development managers is helping dealers to better package the firm's multitude of products and services and emphasizing value-added services to increase dealer business and profitability.

To enhance customer awareness, the firm introduced a sophisticated parts and maintenance marketing system at dealerships. The system uses retail marketing concepts, such as visual displays and promotional materials.

Navistar is "carefully, but aggressively," developing its own independent distribution system so that it enhances dealer profitability, Springer said.

June truck sales by manufacturer and segment

		14,000 & LESS GVW CLASS 1-3	14,001-16,000 GVW CLASS 4	16,001-19,500 GVW CLASS 5	19,501-26,000 GVW CLASS 6	26,001-33,000 GVW CLASS 7	33,001 & OVER GVW CLASS 8	TOTAL 1989	TOTAL 1988
CHRYSLER-PLYMOUTH	MO	18,206						18,206	21,736
	YR	98,331						98,331	105,119
DODGE	MO	50,018						50,018	56,627
	YR	293,555						293,555	312,119
JEEP	MO	25,271						25,271	22,839
	YR	126,268						126,268	124,104
TOYOTA	MO	20,329						20,329	20,461
	YR	112,324						112,324	121,309
NISSAN	MO	13,047						13,047	14,746
	YR	79,215						79,215	84,661
MAZDA	MO	6,148						6,148	7,676
	YR	41,905						41,905	52,125
ISUZU	MO	6,917						6,917	7,554
	YR	44,564						44,564	39,196
MITSUBISHI	MO	2,583						2,583	3,316
	YR	20,020						20,020	24,131
SUZUKI	MO	1,633						1,633	2,199
	YR	13,152						13,152	32,221
RANGE ROVER	MO	404						404	209
	YR	2,394						2,394	1,576
FORD	MO	119,944	1,754		817	3,759	1,367	127,641	140,977
	YR	717,439	13,207		4,762	17,285	8,113	760,806	797,579
FREIGHTLINER	MO						2,147	2,147	2,090
	YR						12,385	12,385	11,846
CHEVROLET	MO	111,328		22	722	710		112,782	125,887
	YR	655,854		135	3,434	4,475		663,898	692,911
GMC	MO	28,060		283	456	1,213		30,012	34,771
	YR	178,912		1,889	2,844	6,892		190,537	201,530
KENWORTH	MO					19	1,426	1,445	1,615
	YR					184	8,908	9,092	8,165
MACK	MO				162	215	2,036	2,413	2,668
	YR				1,048	1,394	10,419	12,861	12,574
MERCEDES	MO				66	106		172	337
	YR				441	637		1,078	1,585
NAVISTAR	MO		19	10	767	2,693	3,824	7,313	6,828
	YR		89	66	6,517	15,495	18,365	40,532	41,994
PETERBILT	MO					44	1,325	1,369	1,558
	YR					292	8,111	8,403	7,981
VOLVO/GM HEAVY	MO					59	1,590	1,649	1,865
	YR					480	8,368	8,848	7,979
HINO	MO	21		54	53	89		217	157
	YR	123		242	272	525		1,162	1,037
NISSAN DIESEL	MO	44		51	26	50		171	151
	YR	240		386	189	344		1,159	1,009
ISUZU TRUCK	MO	330	52	21	57	52		512	616
	YR	3,018	333	99	457	381		4,288	3,495
MITSUBISHI FUSO	MO	145		69	30	45		289	292
	YR	884		342	176	328		1,730	1,347
SCANIA	MO						24	24	10
	YR						58	58	95
IVECO TRUCKS	MO	161	52	28	18			259	225
	YR	642	273	143	76			1,134	1,097
WESTERN STAR	MO						161	161	100
	YR						827	827	781
OTHER DOMESTICS	MO				24	—	106	130	95
	YR				74	116	419	609	474
GRAND TOTAL	MO	404,589	1,877	538	3,198	9,054	14,006	433,262	477,599
	YR	2,388,840	13,902	3,302	20,290	48,826	75,973	2,551,135	2,689,040
1988 YR to DATE		2,521,576	10,085	4,240	29,672	51,728	71,739		

NOTE: 1989 Year-to-date includes 9 Subaru Brats
Class 1-3 sales data reported by individual manufacturers; Class 4-8 reported by Motor Vehicle Manufacturers Assoc.

SERVICE MANAGEMENT

Shop volume continues to rise

By Francis J. Gawronski
AUTOMTIVE NEWS STAFF REPORTER

Service and parts business in new-car dealerships continued to climb in May and increased for the first five months of the year.

According to the Automotive News Service Index, May's shop volume rose 9.3 percent over the business done in May 1988. The hefty increase followed a gain of 1.3 percent in April and boosted total 1989 shop volume 2.7 percent above that recorded last year.

The index is compiled from reports on shop business supplied by a cross-section of new-car dealerships in the United States.

All indicators used in the index registered healthy gains in May. The month's results helped push five-month volume 2.7 percent ahead of last year's and 2.6 percent above the total for the first four months of 1989.

Gross profit on all labor, parts and accessories sales — the most important indicator from the dealers' viewpoint — recorded May's biggest gain, up 10.1 percent, followed by sales of all parts and accessories, which climbed 8.2 percent over figure for the year-ago month.

Shop-parts sales (customer paid and warranty) rose 7.0 percent in May, while total labor sales (customer paid and warranty) advanced 6.6 percent.

Dealers reported repair-orders written posted the second monthly gain in May, topping the year-ago volume by 2.5 percent.

SERVICE INDEX
109.3★

	May '89 vs. May '88	Jan.-May '89 vs. Jan.-May '88
Gross Profit on All Labor and P&A Sales	+10.1%	+4.2%
Repair Orders Written	+2.5%	−2.2%
Total Labor Sales (Customer & Warranty)	+6.6%	+3.4%
Shop Parts Sales (Customer & Warranty)	+7.0%	+3.1%
Sales of All P&A	+8.2%	+1.3%

★ Survey by Automotive News shows that dealers' service and parts business in May 1989 was 109.3 percent of business in May 1988. Service business in the first 5 months of 1989 was 102.7 percent of business in the corresponding period in 1988.

Service adviser: vital but misused

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

While many new-car dealers realize that their service department is a potential gold mine, few have been able to make that department's key position — the service adviser — pay off.

That is one of the findings of the Power Report's 1989 National Profile of the Service Adviser. Published by J.D. Power and Associates of Agoura Hills, Calif., the study is said to be the first independent, national survey of the service adviser and his role.

Although the job was created to enhance customer satisfaction and boost Customer Satisfaction Index ratings, the system is undermining the index, the Power Report said.

For example, the publication noted, most service advisers find themselves caught between customers who are dissatisfied with their warranty work and a compensation system that usually does not reward service advisers (or service technicians) for doing warranty work.

"Moreover, service advisers candidly admit that, because they typically are not compensated for warranty repairs, they work hard at avoiding them," the publication said.

"In short, the service-adviser system as it currently is practiced perversely undermines the very thing it was created to support — customer satisfaction."

The study indicated that one of the key areas in which service advisers must respond to customers is warranty service. The impact that subject appears to have on customer satisfaction cannot be overestimated, the publication said.

A great amount of the service adviser's time is devoted to resolving issues related to the customer's misunderstanding of the warranty coverage, the study found. The issue, according to the Power Report, is further complicated by the compensation structure in which the pay of the service adviser is enhanced by customer-paid labor. In that case, the report said, warranty work is not a priority.

"Can pay plans catering to this system serve both profits and customer satisfaction?" the report asked.

"The service adviser is in the middle. Damned if he does, damned if he doesn't. The pressures and stresses generated by this issue alone are further impacted by issues that revolve around a dealership that appears to see service as a necessary evil.

"Conflicting goals are set forth by both manufacturer and dealer," the report said. "The service adviser is left in the middle trying to balance the Customer Service Index and the profitability of the department."

The study found the majority of service managers feel the dealer principal does not have a true understanding of their job functions and does not care to deal with their problems or pressures.

Also, while service managers feel that the factory and dealer principal favor customer satisfaction, the dealer does not create the proper environment to make it happen on a consistent basis. The study also said that in most instances neither the factory nor the dealer is perceived to be supportive of the service manager's efforts.

The study found that 86 percent of all service advisers are on some form of commission, and 20 percent are on commission exclusively. Also, 40 percent are not qualified for the job and a much higher percentage believe that they have have not had proper training in critical areas for the assigned duties.

Respondents also noted that current dealership service appointment and operating systems are not designed to make life easy for the dealership or the customer.

The Power Report said the service adviser is the point person serving as the factory's and dealer's representative writing nearly 200 million repair orders annually. It questioned whether the industry effectively "equips this pivotal person."

That and many other "difficult questions must be answered on an industrywide basis as well as by manufacturers and individual dealerships if we are going to be prepared to enter the era of service and expect to make a profit and satisfy customers," the report said.

Freightliner adopts red-carpet shop plan

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

Freightliner Corp. has formed a dealer service network to provide truckers with fast, quality support at competitive prices nationwide.

The program is called Fleetpack. Freightliner said truckers enrolled in the plan have access to a 24-hour emergency road service hotline, competitive parts and service pricing, priority maintenance and repair service and a credit plan.

It will be available at Freightliner dealerships and at dealerships of its subsidiary, Mercedes-Benz Truck Co. Although there is no enrollment fee, subscribers must furnish a letter of credit from a bank.

"Fleetpack is a comprehensive customer service package, designed in cooperation with our dealers, and represents another step in increasing the strength of our dealer organization," said Ernst G. Stoeckl, Freightliner president.

"Fleetpack," he said, "is designed to meet the needs of any trucking company, regardless of vehicle make or fleet size."

Fleetpack subscribers have a 24-hour phone number to call in the event of a breakdown. The operator will help the caller find a qualified shop to perform the repairs, will monitor the process to ensure timely completion of the work and will notify the fleet's headquarters when the vehicle is back in service.

Fleetpack vehicles also will receive priority service at participating dealerships. The company said that means a dealer's service department will inspect the vehicle within one hour of arrival and will start repairs within four hours after receiving authorization from the fleet's headquarters.

Freightliner said Fleetpack will provide competitive prices for both parts and labor to participating customers. Also, to ensure a uniform level of parts stocking across the country, dealers will stock a standardized list of parts recommended by the two truck manufacturers.

Stoeckl

Fleetpack also provides a private-label credit card accepted exclusively at Fleetpack dealers.

Jim Hebe, senior vice president of sales and marketing, said Fleetpack allows Freightliner and Mercedes-Benz dealers to give complete service support to their local customers wherever their business takes them.

"Freightliner recognizes the difficulty that truckers have in finding a reliable source for necessary repairs when they are out on the road," Hebe said. "In response, Fleetpack's goal is to offer superior customer support through a network of dealers with consistent parts and service programs.

"To remain competitive, fleets need maximum vehicle utilization. Fleetpack provides fleets with the tools to maximize equipment usage and minimize downtime due to road breakdowns."

Ford survey finds drivers oppose non-OE crash parts

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

DEARBORN, Mich. — More than 80 percent of consumers would support legislation requiring their written consent before non-original-equipment sheet metal crash parts are used in the repair of their vehicles, according to a national survey commissioned by Ford Motor Co.

Ford commissioned Cambridge Reports of Cambridge, Mass., to assess consumer awareness of non-genuine parts use in repairs.

According to survey results, nearly 90 percent of consumers feel strongly that they have a right to know, in advance, the origin of parts used to repair their vehicles. And 81 percent feel non-OE parts should not be used unless consumers' consent is obtained in advance by their insurance companies.

Myers

Those attitudes may be based partly on the fact that most consumers (63 percent) surveyed feel vehicle manufacturers produce higher-quality parts, according to Cambridge Reports.

The survey also revealed that 35 percent of consumers were unaware that replacement crash parts are produced by firms other than their car's original manufacturer, while more than 54 percent were not aware that factory warranties do not cover non-OE parts.

"These results confirm our belief that the vast majority of consumers feel that they should be informed in advance that imitation crash parts have been selected for collision repairs and that they should have a voice in the parts selection decision," said Kenneth W. Myers, parts and service marketing manager for Ford parts and service division.

"And the survey results show that, if given a voice, the overwhelming majority would prefer genuine replacement parts."

According to Ford, use of imitation crash parts, manufactured primarily in Taiwan, has increased dramatically in the past decade. Department of Commerce figures show that body stamping imports from Taiwan jumped from $35,000 in 1978 to $34.9 million in 1987.

Ford said that such parts tested by its engineers and by other vehicle manufacturers do not meet manufacturers' standards for fit, finish, structural integrity or corrosion protection.

By the end of 1988, 14 states had passed legislation or insurance regulations requiring, at a minimum, disclosure to the consumer when non-OE crash parts are specified for collision repairs.

SERVICE BRIEFS

APAA tracks sales

LANHAM, Md. — A research service to help manufacturers track sales of aftermarket products through automotive chain stores has been announced by the Automotive Parts and Accessories Association.

The Automotive Sales Index, said to be the first of its kind, is being developed by the association and the market research firm of Audits and Surveys, New York, and will be available by subscription in January 1990.

With initial participation of 10 of the industry's largest automotive chains, Audits and Surveys will develop monthly retail sales volume and market-share reports on a wide variety of product categories. Sales will be reported on a unit basis, dollar basis and by average consumer buying price.

The association said the new service will project national product sales from a base of 2,300 automotive aftermarket chain stores. The data base sample will be drawn from aftermarket chains in which 50 percent or more sales are across the counter to do-it-yourselfers.

Dover to close Weaver

MEMPHIS, Tenn. — Dover Industries announced it will close Weaver Corp. in Paris, Ky., by late August because of continuing financial losses and reduced demand for its lift products.

Until the closing, Weaver will continue business as usual, with orders being taken, processed, produced and shipped. Weaver customers, manufacturer's representatives and distributors will continue to be supported from the Kentucky facility, a company spokesman said.

When the company closes, Rotary Lift of Memphis, another Dover Industries firm, will assume Weaver's warranty obligations. Rotary Lift also will support Weaver parts requirements to service Weaver lifts still in operation, a company spokesman said.

Allied adds rebuilder

EAST PROVIDENCE, R.I. — The automotive division of Allied-Signal has signed a partnership agreement with General Brake of Arkadelphia, Ark., the ninth in a nationwide network of independent rebuilders that reline Bendix brake shoes to meet company standards.

Bendix began selling relined brakes in January 1986. The product is sold exclusively through the Allied-Signal sales force.

COVER STORY

Downturn ahead for dealers?

Service managers are less optimistic about the auto market

The nation's auto dealership service managers are less bullish about the automobile market today than at any time in the past four years.

Compared to a year ago, they also are less optimistic about the outlook for business at their dealerships.

These are among the findings of the fifth annual nationwide survey of dealer service managers, conducted last month by Automotive News.

Only 34.1 percent of those polled said they expect the automobile business in their markets will improve during the next two years. That is the lowest improvement response in the five-year history of the survey, and the first time it has dropped below 40 percent.

Major reasons given by those who do not expect new-car sales to climb include:

"Too many manufacturers building too many cars."

"I feel the economy is slowing, so business will slow."

"We expect a rise in inflation, and a drop in consumer spending."

"Cars are priced too high, and they're going to be higher."

"We're concerned about over-saturation of market and a growing number of new-car dealers."

"The market is soft, prime is high and there's a surplus of products as we head into 1990."

"The market has got to drop after higher new-car sales the last three years."

"People are slowing down new-car buying. They seem to be keeping their cars longer."

"It looks like a market recession is due."

"The industry is reaching a saturation cycle, and the trend toward long-term financing and improved product quality will keep people in their vehicles longer."

As for new-car business at the dealerships they work for, 74.2 percent of service managers surveyed said they expect it to improve over the next three years. That is down from 78.4 percent last year.

On the other hand, an all-time high 6.1 percent said they expect car sales at their dealerships to go down between now and 1991. Among the reasons:

"Our highline German imports are becoming too expensive compared to domestic and Japanese products."

"New-car sales in general will go down, and we will follow the trend."

"We have been in a depressed area since 1984, due a lack of oil-related jobs. We don't see that changing."

"Product proliferation and ever-increasing competition are diminishing our opportunity for higher sales and gross profits."

"The big problem with the future is today's 60-month financing."

While they may be less optimistic about future new-car sales, service managers are in a good mood over business profits in their own departments.

Exactly 95.5 percent said they and their dealership management believe their service operations offer a potential for greater future profits. That is the highest rate since 1986 (96.0 percent). Among the reasons for their positive attitude on service profitability:

"There are fewer qualified service outlets at a time when the complexity of cars is increasing. That means more business for those who can handle it."

"We are aggressive. We have a professional service management group. We are constantly targeting areas to increase gross profits and control expenses."

"More people are taking their cars to factory-approved service centers."

"Increased technology demands will give astute franchised dealers an increasing advantage in service business."

"We recently moved into new facilities, and our service business is just beginning to grow."

"Due to new-car prices, most people will have to keep their cars. That means more service work."

"Dealership service shops are becoming more efficient on electronics. The independents can't keep up. We'll profit from that."

"As vehicles are retained longer, we have a greater service potential, especially with effective merchandising."

"Increased profits will come in spite of our dealership management, which continues to express the archaic opinion that the service department is just a monkey on the back of the dealership. They're learning, but slowly."

"People can't hardly get independent outside garages to work on new cars any more. There's too much technology involved."

"We have been investing in quality equipment and personnel. And we're concentrating more on service advertising."

"Our growing awareness of customer satisfaction is starting to pay off."

"We're getting more training, and proper tools to do the job."

"The cars are so advanced that GM dealerships will be the only ones able to work on GM cars."

"Management has finally become intelligent enough to realize the service department has to be a profit center to survive. They've found out there's a market out there that our dealership hasn't tapped into in the past."

"Technology changes are forcing out mass merchandisers, service stations and independents. The public has to rely on the expertise of new-car dealerships."

"Service, used cars and F&I will prop up decreased new-car gross profit in the next year or two."

"Our dealer management realizes that with limited new-car sales coming, more emphasis is needed on parts and service sales."

"More and more people are looking for good service backup when purchasing new cars. We are concentrating on that."

Just 65.9 percent believe their dealerships are spending enough on advertising and promotion to improve their service business. That is down slightly from last year. Many of those who do advertise stress their use of local newspapers for that purpose. Among the comments:

"We advertise in two local newspapers every week."

"Approximately 4 percent of our service gross is spent on advertis-

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PREVIEW

COMING AUG. 21: AUTOMOTIVE NEWS DEALER PROFITS EXTRA

Automotive News Survey of Dealer Service Managers

Note: Figures indicate percent of total responses for each question, each year; in some cases, totals do not add to 100 percent because either multiple responses to a question were given or no response was given. Blank areas indicate questions that are new to that year's survey.

Question 1: What do you consider the business outlook to be for the automobile market in general and your dealership specifically for the next two years?

	Automobile Market 1989	1988	1987	1986	1985
Improve	34.1	44.3	50.0	61.2	64.9
Same	38.6	39.2	27.9	32.6	25.7
Worse	23.5	12.4	22.1	6.2	9.4
	Dealership 1989	**1988**	**1987**	**1986**	**1985**
Improve	74.2	78.4	74.3	88.0	86.9
Same	17.4	16.5	20.0	8.0	10.2
Worse	6.1	1.5	5.7	4.0	2.9

Question 2: Do you, as a service manager, feel that your service department offers a potential for increased profits in the future?

	1989	1988	1987	1986	1985
Yes	95.5	94.8	94.4	98.0	98.6
No	3.0	5.2	5.6	2.0	1.4

Question 3: Do you feel that your dealership management believes the service department offers the potential for increased profits in the future?

	1989	1988	1987	1986	1985
Yes	95.5	92.8	90.0	96.0	97.1
No	1.5	6.2	10.0	4.0	2.9

Question 4: Do you, as a service manager, believe your dealership is spending enough on advertising and promotion to improve your service business?

	1989	1988	1987	1986	1985
Yes	65.9	67.5	62.5	74.0	72.3
No	33.3	30.4	37.5	26.0	27.7

Question 5: Who hires the service technicians in your service department?

	1989	1988	1987	1986	1985
Dealership owner	13.6	11.3	18.1	15.5	15.7
Dealership manager	8.3	5.7	2.7	2.9	5.7
Service manager	91.7	92.3	91.7	88.9	87.6
Other	9.8	10.8			

Question 6: Compared to last year, finding competent service technicians today is:

	1989	1988
Less difficult	4.5	3.1
Same	22.7	23.7
More difficult	71.2	71.1

Question 7: Do you have women service technicians?

	1989	1988
Yes	1.5	5.2
No	98.5	92.3

Question 8: When your dealership buys new service equipment and services, are you involved?

	1989	1988	1987	1986	1985
Yes	97.0	96.4	100.0	100.0	100.0
No	2.3	3.6	0.0	0.0	0.0

If yes, which one statement below best describes your involvement?

	1989	1988	1987	1986	1985
Originate purchase request	59.8	57.8	53.5	62.0	62.9
Approve make(s) selected	39.4	47.6	39.4	48.0	38.6
Negotiate terms	25.0	32.1	19.7	28.0	22.9
Give advice on needs	50.8	49.2	42.2	58.0	37.1

Question 9: Does your dealership plan to buy any service equipment this year?

	1989	1988	1987	1986	1985
Yes	49.2	58.8	59.2	55.0	61.5
No	46.2	38.1	40.8	45.0	38.5

If so, what type?

	1989	1988	1987	1986	1985
Tuneup	15.4	15.8	30.9	24.5	21.4
Wheel alignment	24.6	31.6	21.4	26.4	18.6
Wheel balance	12.3	12.3	14.3	11.8	10.0
Brakes	16.9	15.8	11.9	7.1	5.6
Transmissions	7.7	7.0	9.5	2.9	1.8
Engine overhaul	3.1	1.8	9.5	3.7	2.9
Refinishing	4.6	14.0	9.5	1.8	—
Frame-body straightening	6.2	7.0	7.1	10.8	10.0
Computerized diagnostic (console)	27.7	37.7			
Computerized diagnostic (hand-held)	26.2	19.3			
Other	21.5	25.4	40.5	30.0	29.7

Question 10: Are 1989-model cars more profitable to service than those of previous years?

	1989	1988	1987	1986	1985
Yes	8.3	8.2	12.5	13.7	11.4
No	37.9	43.8	40.3	50.9	54.3
Same	52.3	46.4	47.2	35.4	34.3

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COVER STORY

Continued from page E2

ing, primarily papers."

"During slow periods, we spend about 5 percent of service gross on ads. We are planning on that."

"We are using daily papers and direct mail to tell people that we have a brand new $10 million facility to service them. It's working."

According to the survey, tuneups continue to be the most profitable service operation, followed by brake and transmission work.

The contribution of transmission service as a profit generator climbed to its highest level in the five-year history of the survey. The least profitable operation — for the first time — is rustproofing, followed by wheel balancing and body shop work.

The most significant generator of service business continues to be general customer drive-in, although it is down slightly from last year. In attracting business, it is followed by special service packages (up somewhat from last year), new-car warranty work (down slightly) and extended service contracts (down considerably).

Among those surveyed, 49.2 percent said their dealerships will buy service equipment this year. That is the lowest percentage in the history of the survey, and down nearly 10 points from a year ago.

Of those who intend to buy equipment, the most popular purchases will be computerized diagnostic equipment (console and hand-held), followed by wheel-alignment equipment.

Lowest on the purchase list are engine overhaul, refinishing, frame-body straightening and transmission equipment.

The role of the service manager in the dealership's acquisition of shop equipment continues to show through in the 1989 survey. Exactly 97 percent said they are involved in the buying process.

Indicating a trend during the past year toward shorter service department hours, 20.5 percent of the managers say their shops are open less than 45 hours a week, the highest percentage in survey history. Another 43.9 percent said their departments are open only 45-50 hours.

Meantime, the number of service departments open more than 60 hours fell to 8.3 percent this year from 13.9 percent last year.

Also on the decline is service department employment. This year, only 12.1 percent of the service managers say they employ more than 40 parts and service personnel, down from 17.5 percent last year.

This contrasts to a rise (29.5 percent in 1989 versus 23.2 percent in 1988) in departments employing just one to 10 people.

Service managers continue to assume major responsibility for hiring dealership technicians.

For the third straight year, more than 90 percent say they handle the hiring.

Asked whether finding competent technicians today is more difficult than last year, more than 71 percent said yes. That is unchanged from last year.

There has been a decrease in the number of women service technicians, according to the 1989 survey. Only 1.5 percent of the service managers say they have women technicians working in their departments, down from 5.2 percent last year.

Continued from page E2

Question 11: Are 1989-model cars more difficult to service than those of previous years?

	1989	1988
Yes	37.1	40.7
No	25.8	25.3
Same	36.4	33.0

Question 12: How many hours per week is your service department open?

	1989	1988	1987	1986	1985
Less than 45 hours	20.5	12.9	11.1	18.0	18.6
45 to 50 hours	43.9	38.7	54.2	60.0	38.6
51 to 55 hours	15.9	22.7	20.8	14.0	27.1
56 to 60 hours	11.4	11.9	9.7	6.0	11.4
More than 60 hours	8.3	13.9	4.2	2.0	4.3

Question 13: How many employees are there in your service department including parts and service personnel?

	1989	1988	1987	1986	1985
1 to 10	29.5	23.2	25.0	28.0	25.7
11 to 20	34.1	32.0	27.8	18.0	26.6
21 to 30	10.6	15.5	33.4	36.0	15.7
31 to 40	13.6	11.3	6.9	8.0	17.1
More than 40	12.1	17.5	6.9	10.0	12.9

Question 14: What is your most profitable service operation?

	1989	1988	1987	1986	1985
Tuneup	39.4	37.6	50.7	24.0	40.3
Wheel alignment	15.2	12.9	14.5	6.6	9.0
Wheel balance	4.5	8.2	8.7	4.0	1.8
Brakes	28.0	32.0	34.8	25.3	20.4
Transmissions	22.0	13.9	15.9	6.6	10.4
Engine overhaul	15.2	9.8	10.1	13.3	3.3
Rustproofing	3.8	12.9			
Body shop	7.6	10.3	11.6	9.3	6.1
Other	20.5	14.9	13.0	10.6	8.7

Question 15: How much of the following contribute to your service profits?

1989	Significantly	Some	None
New car warranty work	37.9	56.8	1.5
Extended service contracts	25.0	65.2	6.8
General customer drive-in	77.3	21.2	0.0
Special service packages	40.2	51.5	4.5
1988	**Significantly**	**Some**	**None**
New car warranty work	41.2	50.0	7.2
Extended service contracts	36.1	56.2	3.6
General customer drive-in	73.6	23.8	0.0
Special service packages	38.7	46.9	7.7
1987	**Significantly**	**Some**	**None**
New car warranty work	40.3	54.2	5.5
Extended service contracts	34.3	62.9	2.8
1986	**Significantly**	**Some**	**None**
New car warranty work	40.8	48.9	10.2
Extended service contracts	27.0	66.6	6.4
1985	**Significantly**	**Some**	**None**
New car warranty work	44.3	48.6	7.1
Extended service contracts	17.1	67.3	15.6

Question 16: Do you subcontract service work to specialists for jobs involving high-tech repair?

	1989
Yes	41.7
No	58.3

Question 17: Has your shop had any difficulties with today's high-tech basecoat/clearcoat paints?

	1989
Yes	40.2
No	53.8

Question 18: Does your service department offer quick lube/oil change service?

	1989
Yes	47.7
No	50.0

Question 19: If not, does it plan to in the near future?

	1989
Yes	50.0
No	48.5

Question 20: Does your service department offer detailing to customers?

	1989
Yes	65.9
No	32.6

Question 21: If not, does it plan to in the near future?

	1989
Yes	7.0
No	93.0

Question 22: What is your age?

	1989	1988	1987	1986	1985
18 to 24	1.5	2.1	2.9	4.0	0.0
25 to 29	13.6	8.8	9.7	16.0	15.7
30 to 34	13.6	18.6	15.3	16.0	11.4
35 to 39	21.2	20.6	26.4	26.0	18.6
40 to 44	19.7	18.6	20.8	16.0	22.9
45 to 49	14.4	12.9	8.3	10.0	12.9
50 to 54	9.8	8.8	6.9	2.0	11.4
55 to 59	2.3	5.7	6.9	4.0	4.3
60 to 64	3.0	2.1	1.4	6.0	2.8
65 or over	0.0	1.0	1.4	—	—

Question 23: Before becoming a service manager at your present or at any other dealership, what type of job did you have?

	1989	1988	1987	1986	1985
Write-up man	34.8	34.2	30.6	24.6	31.4
Mechanic	49.2	51.0	43.4	43.4	37.2
Parts manager	15.2	21.1	7.3	8.6	5.7
Other	34.1	37.1	18.7	23.4	25.7

Question 24: How many years have you been a service manager (including time spent at previous dealerships)?

	1989	1988	1987	1986	1985
1 to 3	26.5	24.9	20.8	19.6	22.9
4 to 7	23.5	19.7	19.4	33.3	21.4
8 to 11	23.5	22.3	26.4	17.6	15.7
12 to 15	9.8	12.4	13.9	5.8	12.9
16 to 19	5.3	8.8	8.4	9.8	11.4
20 or more	10.6	11.9	11.1	13.9	15.7

Question 25: What was your total compensation last year for being a service manager?

	1989	1988	1987	1986	1985
Less than $15,000	3.0	0.5	2.7	4.1	2.9
$15,001 to $19,999	5.3	3.1	11.3	4.1	10.0
$20,000 to $24,999	6.8	11.9	14.1	18.7	14.3
$25,000 to $29,999	12.9	11.3	7.0	10.4	24.1
$30,000 to $34,999	14.4	12.9	9.9	8.3	11.4
$35,000 to $39,999	9.1	12.9	12.7	20.8	10.1
$40,000 to $44,999	10.6	9.8	11.3	14.5	8.7
$45,000 to $49,999	7.6	5.7	9.9	6.2	10.2
$50,000 or more	26.5	25.8	21.1	12.5	8.3

Question 26: What was your total compensation for being a service manager based on?

	1989	1988	1987	1986	1985
Salary only	15.2	12.9	15.3	9.4	8.6
Salary + overtime	0.8	0.0	0.0	1.8	1.9
Salary + bonus	34.1	42.8	31.9	26.7	38.6
Salary + incentive	35.6	30.9	41.7	43.6	45.2
Salary + stock	1.5	0.0	1.4	—	—
Salary + other	11.4	11.3	9.7	18.5	5.7

Question 27: Do you believe your salary and benefits are commensurate with your experience?

	1989	1988	1987	1986	1985
Yes	56.8	62.9	50.0	48.9	54.2
No	40.9	33.0	50.0	51.1	45.8

As for compensation, this year's survey indicates a trend toward pay boosts for veteran service managers.

Most service managers (26.5 percent, an all-time survey high) indicate their total compensation (including salary, overtime, bonus, incentives, stock) tops $50,000 annually. There also is an increase in the number of service mangers earning $40,000-$49,999.

However, there are also more service managers this year who are making less than $15,000 and $15,-001-$19,999 annually.

In most cases (35.6 percent), compensation is comprised of salary plus incentive. That is up from 30.9 percent in 1988. Last year, the top compensation consisted of salary plus bonus.

Compared to last year's survey, this year's shows a decline in the number of service managers who believe their salary and benefits are commensurate with their experience.

Last year, 62.9 percent said they were satisfied with their pay checks. The number is down to 56.8 percent this year.

As was the case the previous three years, most service managers in 1989 are in the 35-39 age bracket (21.2 percent).

And as was the case the previous two years, most have been service managers for less than three years (26.5 percent). Most of them (49.2 percent) were mechanics before becoming service manager.

Asked whether 1989-model cars are more profitable to service than those of previous years, most managers (52.3 percent) say they are the same, down from 46.4 percent last year.

As for the challenge of servicing today's high-tech cars, they aren't all that much more difficult, according to service managers.

Only 37.1 percent say '89 model cars are more difficult to service than those of previous years. That is down from 40.7 percent a year ago.

That notwithstanding, 41.7 percent of the service managers this year say they subcontract service work out to specialists when it involves high-tech repair.

Asked if their service shops are having difficulties with today's high-tech basecoat/clearcoat paints, 40.2 percent of those surveyed respond yes, 53.8 percent say no.

This year for the first time the survey includes questions related to quick lube/oil change and "detailing" businesses as a means of boosting the profitability of service departments. (Detailing is considered to be the painstaking cleaning and polishing of a vehicle, for which customers are charged upwards of $100.)

Of those surveyed, 47.7 percent said their department offers quick lube/oil change service. Of those who say they do not offer it, 50.0 percent add that they plan to do so in the near future. These results indicate that before long, among those surveyed by Automotive News, more than 97 percent of the service operations will be in the quick lube/oil change business.

As for the vehicle-detailing, 65.9 percent of those surveyed say their departments currently offer that service to customers, and another 7.0 percent indicate they plan to do so in the near future. That comes to a cumulative positive response of 72.9 percent. ■

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Zimmer's plan to reorganize gets court nod

POMPANO BEACH, Fla. — Zimmer Corp. said the Bankruptcy Court for the Southern District of Florida confirmed its plan for reorganization following the favorable vote of its creditors.

As a result of the confirmation, Zimmer will emerge from its Chapter 11 bankruptcy proceedings.

Upon emergence from Chapter 11, Zimmer will continue to convert vans and chassis and upfit sport and recreational vehicles.

Zimmer is an authorized van converter for General Motors and Ford Motor Co., according to Terry P. McMahan, the company's president and chief executive officer.

Fruehauf, Terex complete sale of trailer line

DETROIT — Fruehauf Corp. said it completed the sale of its trailer, maritime and CEMCO businesses to Terex Trailer Corp., a subsidiary of Terex Corp.

Fruehauf received approximately $231.3 million, consisting of $171 million in cash, a promissary note of $6.5 million and the assumption of long-term debt of about $53.8 million.

Proceeds of the sale are being used by Fruehauf to pay off $35 million of interest on its 13.5 percent senior subordinated notes and 13.75 percent senior subordinated debentures and to repay borrowings of about $133 million under its bank credit agreement.

The balance of the proceeds are being used for working capital.

Warranty arbitration OKed for Toyota in Fla.

TORRANCE, Calif. — Toyota Motor Sales U.S.A. has received certification from the state of Florida to resolve vehicle warranty disputes through its third-party arbitration, making it the first import auto company to offer such a program in that state.

Toyota qualified for the certification from Florida's Department of Agriculture and Consumer Affairs after developing a program consistent with state requirements and Federal Trade Commission rule 703, which sets strict guidelines for settling disputes during a vehicle's warranty period.

Toyota satisfied the Rule 703 provision that calls for an unbiased, independent third party to arbitrate disputes.

Survey names Ford in list of 10 best workplaces

DEARBORN, Mich. — Ford Motor Co. is one of the best companies at which to work, according to a survey commissioned by the Society of Manufacturing Engineers.

Ford was the only automaker among the 10 companies selected.

Judging criteria included compensation and benefits, job security and the manufacturer's commitment to producing safe, high-quality products.

The other companies were Apple Computer, Boeing, General Electric, Digital Equipment, IBM, Eastman Kodak, AT&T, Hewlett-Packard and Westinghouse.

SHUTDOWN DATES FOR U.S. CAR ASSEMBLY PLANTS

Plant	1990 product	Production down days 1989	Change from May schedule	Production down days 1988
GENERAL MOTORS				
Arlington, Texas	Cadillac Brougham, Oldsmobile Custom Cruiser and Chevrolet Caprice	14	+10	0
Bowling Green, Ky.	Chevrolet Corvette	9	+ 4	0
Detroit (Detroit-Hamtramck plant)	Oldsmobile Toronado; Buick Riviera; Cadillac Eldorado, Seville and Allante	15*		10
Doraville, Ga.	Oldsmobile Cutlass Supreme	25		14
Flint, Mich. (Buick City)	Buick LeSabre, Oldsmobile 88 Royale	19	+ 1	5
Framingham, Mass.	Chevrolet Celebrity, Oldsmobile Cutlass Ciera	**		34
Janesville, Wis.	Chevrolet Cavalier	2	– 1	5
Kansas City, Mo. (Fairfax)	Pontiac Grand Prix	30		10
Lakewood, Ga.	Chevrolet Caprice, Buick Estate Wagon	0		0
Lansing, Mich. (Plant 1)	Pontiac Grand Am	10	+ 5	10
Lansing, Mich. (Plant 2)	Oldsmobile Cutlass Calais, Buick Skylark	18		20
Lansing, Mich. (Craft Centre)	Buick Reatta	50		0
Linden, N.J.	Chevrolet Beretta and Corsica	19	+ 4	10
Lordstown, Ohio	Chevrolet Cavalier, Pontiac Sunbird	5		10
North Tarrytown, N.Y.	Oldsmobile Silhouette, Pontiac Trans Sport, Chevrolet Lumina APV	0		11
Oklahoma City, Okla.	Oldsmobile Ciera, Pontiac 6000, Buick Century	5		5
Orion Township, Mich.	Oldsmobile 98 Regency, Buick Electra, Cadillac Deville, Cadillac Fleetwood	14		17
Van Nuys, Calif.	Chevrolet Camaro, Pontiac Firebird	30		15
Wentzville, Mo.	Oldsmobile Delta 88, Buick Electra, Pontiac Bonneville	20		8
Ypsilanti, Mich. (Willow Run)	Changing over to Chevrolet Caprice	140		10
Wilmington, Del.	Chevrolet Beretta and Corsica	20	+20	10
FORD MOTOR CO.				
Atlanta	Ford Taurus, Mercury Sable	15	+ 5	10
Chicago	Ford Taurus, Mercury Sable	15	+ 5	10
Dearborn, Mich.	Ford Mustang	10		10
Edison, N.J.	Ford Escort	20	+10	10
Kansas City, Mo.	Ford Tempo, Mercury Topaz	10		10
Lorain, Ohio	Ford Thunderbird, Mercury Cougar	13		59
Wayne, Mich.	Ford Escort	59		10
Wixom, Mich.	Lincoln Town Car, Mark VII and Continental	10		10
CHRYSLER MOTORS				
Belvidere, Ill.	Dodge Dynasty, Chrysler New Yorker Salon and Imperial models to be added in September	10		15
Detroit (Jefferson Ave.)	Dodge Omni and Plymouth Horizon	5		20
Newark, Del.	Dodge Spirit, Plymouth Acclaim	10		80
St. Louis	Dodge Daytona, Chrysler LeBaron J	3		5
Sterling Heights, Mich.	Plymouth Sundance, Dodge Shadow	15	+ 5	5
HONDA OF AMERICA MANUFACTURING				
Marysville, Ohio	Civic and Accord	0		5
MAZDA MOTOR MANUFACTURING (U.S.A.) CORP.				
Flat Rock, Mich.	Ford Probe, Mazda MX-6	5		0
NISSAN MOTOR MANUFACTURING CO. U.S.A.				
Smyrna, Tenn.	Sentra	10		10
NEW UNITED MOTOR MANUFACTURING INC.				
Fremont, Calif.	Chevrolet Geo Prizm, Toyota Corolla FX	0		5
TOYOTA MOTOR MANUFACTURING U.S.A.				
Georgetown, Ky.	Camry	0		—
DIAMOND-STAR MOTORS				
Normal, Ill.	Plymouth Laser, Mitsubishi Eclipse, Eagle Talon; Eagle Summit and Mitsubishi Mirage to be added in the fall	5		—

*Plus 17 days for Allante line
**Closes indefinitely by model year end

Intermediate segment sales rise

Six new entries nibble away at Taurus while specialties fall off

By Kathy Boyer
AUTOMOTIVE NEWS STAFF REPORTER

In a first half scarred by sales declines, the intermediate segment of the U.S. market was the only one to show a year-to-year sales increase, according to an Automotive News analysis.

There were 14 new entries this year, six of them in the hot-selling intermediate class.

Chrysler Motors accounted for four of the 14 newcomers.

Sales of intermediate cars rose 2.12 percent for the first half to 1,541,637 compared to the year-ago total of 1,509,656.

Of the six new models that joined the intermediate class in the first half of 1989, Plymouth Acclaim — with 43,077 retail deliveries — was the best seller.

Top-selling intermediate was the Ford Taurus, though Taurus six-month sales dropped to 185,440 this year from 210,973 in in the first half last year.

All other market segments showing decreases, and on a percentage basis, the largest decline was in the speciality class.

Sales of specialty cars from January through June totaled 59,390 units, down 33.22 percent from last year's first-half total of 88,935.

Two models joined the speciality category during the first half of 19089.

Mazda introduced its two-seat Miata. It went on the sale late in the first half and garnered 1,756 deliveries. Chrysler Motors' TC by Maserati accounted for 709 first-half sales.

The leader in the speciality class was Nissan's 300ZX.

The subcompact category had the second-largest decrease from a percentage standpoint.

Six-month sales of subcompacts totaled 1,059,187 units, 15.68 percent below the 1,256,130 sold during the year-earlier period.

Plymouth Acclaim was the best-selling new intermediate.

The Eagle Summit was the sole new entry in the subcompact segment. First-half Summit sales totaled 12,048 units.

Ford Escort retained its No. 1 spot in the subcompact category with 174,382 sales in the January-June period.

Sales of standard-sized cars slowed to 689,171 in the first six months of 1989, a drop of 13.48 percent from the 796,506 sold in the comparable period last year. There were no new models in the standard category this year. Best seller in the class was the Cadillac DeVille.

Sales of compact cars, which had accounted for the largest increase during the second half of 1988, slipped in the first half of 1989. Subcompact sales dropped 5.79 percent to 1,739,093 in the January-June period, compared to 1,846,022 in the first six months of 1988.

Three models joined the compact category. Among those newcomers, Plymouth Laser had first-half sales of 8,818 while its sister, the Mitsubishi Eclipse, had sales of 11,230, and the Subaru Legacy posted sales of 5,412.

Corsica-Beretta, the best selling compact for the six-month span, also was the best-selling line model for all categories.

Rounding out the list of the five top-selling models for the first half were the Ford Escort, Ford Taurus, Honda Accord (compact) and Toyota Camry (compact).

The Automotive News market-class list includes cars sold in the United States.

TOP TEN SELLING CARS FIRST HALF 1989

1989 Position	1989 Sales	Make	1988 Sales	1988 Position
1	199,228	Corsica/Beretta	222,514	1
2	185,440	Taurus	210,973	2
3	174,382	Escort	192,071	3
4	166,381	Accord	172,667	4
5	158,551	Camry	125,717	8
6	154,656	Cavalier	156,855	5
7	119,434	Tempo	147,088	6
8	118,899	Civic/CRX	108,400	10
9	115,975	Sentra	123,625	9
10	112,148	Celebrity	138,504	7

CAR SALES BY SIZE CLASS

First Half 1989 vs. 1988

	1989	1988
Subcompact Cars		
Escort	174,382	192,071
Civic/CRX	118,899	108,400
Sentra	115,975	123,625
Excel	85,469	148,493
Corolla	56,495	71,703
Tercel	48,070	42,586
Integra	39,663	28,129
Mazda 323	39,179	47,017
Festiva	36,426	35,269
Geo Prizm/Nova	34,415	62,006
Tracer/Lynx	32,420	31,056
Colt	31,638	45,109
Spectrum	30,195	40,734
Metro	27,223	23,613
LeMans	26,919	32,434
Fox	20,511	29,477
Omni	16,281	26,899
Horizon	15,932	27,806
Pulsar	14,054	26,872
Golf/GTI	12,048	24,939
Summit	10,685	0
Justy	10,645	14,322
Precis	9,573	11,539
Mirage	9,383	5,777
Vista	7,101	10,035
Daihatsu	6,827	5,273
I-Mark	6,687	7,578
Cabriolet	6,092	7,176
Yugo	5,305	16,544
Loyale	3,155	0
Impulse	2,906	4,017
Swift	2,809	0
Scirocco	825	1,590
Chevette	0	191
Alliance	0	3,696
Pontiac 1000	0	154
TOTAL	1,059,187	1,256,130
Compact Cars		
Corsica/Beretta	199,228	222,514
Accord	166,381	172,667
Camry	158,551	125,717
Cavalier	154,656	156,855
Tempo	119,434	147,088
Grand Am	104,966	127,760
Mustang	97,780	99,430
Probe	70,646	18,837
Sunbird	50,588	45,100
Calais	48,030	54,832
Topaz	47,498	44,657
Sundance	40,058	43,179
Shadow	39,835	47,823
Daytona	39,395	40,888
Nissan 240SX/200SX	38,417	10,112
Somerset/Skylark	36,598	32,030
Jetta	30,029	30,437
Celica	28,159	32,521
Mazda 626	27,849	33,876
Mazda MX-6	24,155	19,940
Stanza	23,967	27,125
Prelude	23,644	25,071
Subaru 4-Door Sedan	23,116	15,196
Aries	19,728	58,293
Reliant	19,477	65,697
Subaru Station Wagon	17,175	31,520
BMW 3-Series	17,109	19,334
Eclipse	11,230	0
Skyhawk	10,967	15,574
Laser	8,818	0
Audi 190	6,714	9,002
Subaru 3-Door	6,118	4,274
Subaru XT/XT6	6,103	7,220
Legacy	5,412	0
Peugeot	3,067	3,482
Merkur XR4Ti	2,683	2,567
Audi 90	2,552	3,067
Audi 80	2,440	3,079
Subaru Hatchback	1,999	3,222
VW Quantum	847	1,415
Dodge 600	806	9,404
LeBaron K	787	14,338
Milano	654	1,374
BMW M3	580	939
Cordia	339	3,341
Cimarron	232	3,697
Maserati	163	510
Audi 4000	89	458
Firenza	12	6,646
Tredia	10	415
Charger	0	1,022
Eagle	0	1,392
Turismo	0	1,115
TOTAL	1,739,093	1,846,022
Intermediate Cars		
Taurus	185,440	210,973
Celebrity	112,148	138,504
Cutlass Ciera	103,397	119,859
Century	67,923	59,173
Dynasty	64,995	37,897
Grand Prix	63,903	44,531
Thunderbird	62,882	68,432
Sable	61,176	66,893
Camaro	60,057	53,055
Maxima	54,121	36,739
Cougar	52,718	59,768
Cutlass Supreme	50,936	54,320
New Yorker C	50,623	34,524
LeBaron J	47,990	56,931
Acclaim	43,077	0
Regal	42,837	63,127
Pontiac 6000	38,418	55,389
Spirit	37,451	0
Firebird	34,895	33,632
Legend	31,397	33,174
Lumina/Monte Carlo	23,593	21,563
Volvo 740 Series	23,468	21,899
Premier	23,289	18,488
Volvo 240 Series	21,897	21,494
Eldorado	17,212	14,348
Galant	16,707	8,901
Seville	13,895	10,611
Sonata	11,821	0
Mercedes 300	11,053	11,527
BMW 5-Series	10,841	7,028
Cressida	10,628	5,861
Mazda 929	10,576	13,167
Riviera	10,300	5,187
Supra	8,357	10,721
Jaguar XJ6	7,120	7,472
Volvo 760 Series	6,498	5,268
Saab 900 Turbo	4,740	4,542
Toronado	4,021	8,898
Medallion	3,480	8,568
Saab 900S	3,423	5,115
Sterling	3,351	4,947
Mercedes 300 SE	3,342	1,631
Audi 100/200	3,014	0
Saab 900	2,737	3,280
LeBaron GTS	2,721	8,796
Mercedes 260E	2,247	3,862
Jaguar XJS	2,245	2,425
Scorpio	1,811	3,837
Saab 9000 Turbo	1,800	4,214
Lancer	1,755	5,755
Saab 9000CD	1,616	0
Saab 9000S	1,459	1,707
Audi 100/200 Quattro	969	0
Volvo 780	900	789
BMW 635 CSi	834	877
Caravelle	733	10,287
BMW M6	295	270
Audi 5000	248	5,129
New Yorker E	237	14,170
BMW M5	231	194
Mercedes 300SDL Turbo	1	87
TOTAL	1,541,637	1,509,656
Standard Cars		
DeVille	82,855	77,352
Caprice	81,317	89,898
Olds 88	74,909	94,819
LeSabre	66,963	79,231
Lincoln	59,060	64,368
Crown Victoria	54,322	64,104
Grand Marquis	54,192	61,020
Bonneville H	47,538	64,811
Electra	39,683	41,536
Olds 98	37,066	38,051
Continental	29,453	21,562
Brougham	18,734	20,385
Mark VII	15,469	11,275
Fifth Avenue	7,785	26,398
BMW 7-Series	4,959	6,135
Mercedes 420SEL	3,203	4,700
Diplomat	2,551	12,227
Mercedes 560SEL	2,467	2,738
Paris./Safari	2,462	3,804
Mercedes 300SEL	2,016	3,363
Gran Fury	1,443	7,584
Mercedes 560SEC	744	825
TOTAL	689,171	796,506
Specialty Cars		
Nissan 300ZX	12,753	11,695
Corvette	10,175	13,544
Mazda RX-7	9,591	16,151
Reatta	4,215	1,634
Mercedes 560SL	4,090	6,074
Conquest	3,371	5,679
Toyota MR2	2,949	4,742
Fiero	1,961	15,669
Miata	1,756	0
Allante	1,667	1,792
911 Coupe/Carrera 4	1,277	1,750
Spider	1,049	1,334
911 Cabriolet/ Speedster	849	1,039
Porsche 911 Turbo	718	813
TC by Maserati	709	0
Porsche 944	679	2,056
Starion	548	1,795
Porsche 928S	453	753
944 Turbo	357	1,024
Porsche 944S	141	269
Porsche 924S	82	1,302
TOTAL	59,390	88,935
***Total Car Sales**	**5,088,478**	**5,497,249**

*Total does not include tourist deliveries.

ORDERS

FROM PAGE 1

ment packages, which simplify ordering by grouping popular items.

Those packages reduce a dealer's choice to one of a dozen or less factory-prepared popular item packages per vehicle, rather than the hundreds of potential equipment combinations. Some stand-alone options also are available.

Dealers have a big stake in the issue because a popularly equipped car in the right color may sell quickly while an unpopular car can run up a big floorplan bill.

Car manufacturers and independent suppliers, like PMH/Caramanning of Bloomfield Hills, Mich., provide varying degrees of information to guide dealers in color and equipment choices.

Some 2,000 Buick and GMC Truck dealers, for example, pay PMH/Caramanning $12 to $19 a month for such information, according to Joni Brown, director of corporate marketing for PMH/Caramanning.

Ford Motor Co. also issues what a company spokesman described as a monthly "fast-turn" report to its dealers, informing them of the latest color and equipment popularity trends in their regions.

Chrysler's new program goes beyond such efforts by analyzing sales data for each dealership, comparing each dealer's sales performance with regard to the equipment on every model against that of other dealers in his area and dealers in other markets with similar customer demographics.

It creates and compares sales clusters by taking the serial number of every Sundance model sold, for example, spreading out every option on it and comparing it to every other Sundance, measuring how long each configuration remains in stock before it is sold.

If a dealer sells a model faster than average with specific equipment, he gets his order pattern back as a recommendation. Otherwise, the company recommends different equipment and color combinations.

Sundance offered 2,700 color and equipment combinations in the 1989 model year, Dowd said. But about 5 percent of the combinations accounted for 95 percent of the car line's sales.

The new program reduces the combinations to 300, including a number of packages and some free-standing options dealers can still choose.

The average 1989 Sundance model sat for 70 days on a dealer's lot before it was sold. But 30 percent of them — those ordered with oddball items and colors — sat for about 150 days, Dowd said.

The company's goal is to shave 10 days off the sales turn rate and weed out slow sellers.

"If we improve the turn rate and keep the same inventory, we'll (company and dealers) sell more cars," Dowd said.

Some 90-95 percent of all Sundances are sold off the lot, underscoring the importance of a dealer's selection.

Auto dealers throughout the industry tend to sell most of their cars from inventory rather than through special customer orders. That reflects dealers' desire to close deals quickly rather than risk losing customers to a competitor while waiting for a special order.

Dealers have responded strongly to the new Chrysler program, Dowd said.

Some 96 percent of the 15,000 1990 Sundance/Shadow models ordered so far have come through the company's new system.

Equally significant is that a single package has accounted for 40 percent of all orders, Dowd added. That helps the company's manufacturing operation by greatly simplifying plant-loading schedules.

The package includes automatic transmission, air conditioning, tilt steering wheel, rear-window defroster and other high-volume items.

"We tried to stair-step and tier packages the way people actually buy them. People don't want 2,700 combinations of a car. They don't want a lot of peculiar things. They tend to fall into particular buying patterns," he said.

Bruce DiBiase, customer relations manager at Buhler and Bitter Chrysler-Plymouth in Hazlet, N.J., helps order cars for his dealership. He said Chrysler's system imposed order restrictions that required getting used to, but also greatly simplified the ordering process.

"All you have to do is check one block, and you have ordered the car," DiBiase said.

EUROPE

FROM PAGE 3

sales jumped 18.5 percent to 50,000 units in June and rose 9.8 percent to 326,800 for the first half.

Among specialist makers, BMW sales increased 18 percent in the first half to 212,700, and market share moved from 2.6 percent in 1988 to 2.9 percent in 1989.

In Germany, BMW jumped 19 percent in the first half to 111,300. That was good for a 7.3 percent share, a full percentage point higher than last year.

Elsewhere in Europe, BMW's sales rose 25.1 percent to 15,800 in Italy, 23 percent to 24,400 in the United Kingdom, 11 percent to 13,100 in France and 61.5 percent to 10,500 in Spain.

First-place Fiat's European sales increased 7.3 percent to 1,126,800 in the first half. The Italian maker was up 7 percent to 178,300 in June.

But second-place VW is slowly narrowing the gap, outselling its rival by about 10,000 units in June. VW sales rose 4.3 percent to 188,130 for the month — good for 16 percent of Europe's June market, compared to Fiat's 15.2 percent.

In the first six months, VW sales were up 6.6 percent to 1,069,400. VW is keeping pace with the market in Germany and making headway in the other major European countries. In Italy, sales increased 14.4 percent to 166,800 in the first half. VW climbed 20.3 percent to 93,500 in France and 16.7 percent to 72,500 in the United Kingdom.

The VW brand, which controls nearly 10 percent of the European market, rose 7.8 percent to 720,000 units in the first half, while the Seat subsidiary increased 9.9 percent to 155,500 across Europe. Audi fell a tenth of a percentage point in the first six months, with sales of 194,000 cars. Audi's first-half sales were off 13.2 percent in Germany, to 87,400.

Peugeot S.A., Europe's fastest-growing volume carmaker in 1987 and 1988, was up 8 percent to 938,600 in the first half after slowing down in the second quarter. Market share was 12.9 percent for the year, the same level at which Peugeot finished 1988.

Among specialist makers, Mercedes slipped in Europe in the first half, with sales dropping 4 percent to 232,100 and market share dipping to 3.2 percent from 3.5 percent. Mercedes sales declined 11.3 percent to 137,300 units in West Germany, where market share shrunk from 10.5 percent to 9 percent.

Japanese makers grew 2 percent in the first six months to 775,600, for 10.7 percent of the European market. Nissan was tops among Japanese makers with sales of 213,300, a jump of 8.9 percent. Its market share was 2.9 percent.

Among national markets, Germany rose 2.4 percent in June to 276,000 units following a 5.1 percent decline in May. For the first half, new-car sales in Germany were 1,525,900, a gain of 3.2 percent over 1988.

The current rate appears to give Germany a chance to top its record 1987 sales of 2.92 million cars. Last year, German sales slipped to 2.81 million.

Italian sales continued strong, surging 12.4 percent in June to 218,000. In the first half, sales improved 11 percent to 1,363,500.

The United Kingdom was up 3.5 percent to 174,700 in June and ahead 8.3 percent to 1,196,400 for the first half. France rose 7.2 percent in June to 151,000 and climbed 5.8 percent in the first half to 1,111,700.

Spanish sales continued to grow, although at a less-spectacular rate than in 1986-88. Sales rose 8.4 percent in June to 110,000 and were up 10.2 percent for the first half to 598,200.

NEW-CAR SALES BY COUNTRY IN EUROPE

Country	6 mos., 1989	Percent gain/loss
West Germany	1,525,900	+ 3.2
Italy	1,363,500	+11.0
United Kingdom	1,196,400	+ 8.3
France	1,111,700	+ 5.8
Spain	598,200	+10.2
Netherlands	312,700	- 9.2
Belgium-Luxembourg	275,500	+ 0.3
Switzerland	197,000	+ 7.7
Sweden	184,400	- 8.1
Austria	157,900	+12.6
Finland	103,500	+ 6.3
Portugal	101,100	- 0.5
Ireland	49,200	+25.9
Denmark	45,600	-14.5
Greece	33,800	+21.6
Norway	27,000	-31.4
Total	7,263,400	+ 6.0

Kan. UAW local honored for work with homeless

KANSAS CITY, Kan. — UAW employees at the General Motors Fairfax plant have received the Volunteer Action Award for developing and operating the Kansas City Rebound Center for homeless people.

Workers at the plant, who build the Pontiac Grand Prix, raised $100,000 for the center. Bud Carroll, Local 31 president, accepted the award from President Bush during a White House ceremony.

NISSAN

FROM PAGE 2

Proud," and "Say No To UAW."

If the union fails, Lowe predicts his side will contest the election over Nissan's failure to release employee injury records in accordance with Tennessee Department of Labor instructions, and seek a rematch.

At stake are more than Nissan's 2,400 eligible production workers, or even the 2,000 workers who will be added when the Smyrna plant doubles production over the next two years. The gain in union membership is debatable, since Tennessee is an open-shop state and workers are not required to join the union.

More important in the contest is what it will reveal about the UAW's ability to rise to the challenge of Japanese management, argues Robert Cole, professor of sociology and business administration at the University of Michigan.

"It comes down to a symbolic question of whether the UAW can organize the Japanese, with their mystical ways of running plants," Cole said. "Nissan has been very outspoken in its anti-unionism, and it would be a very symbolic win for the UAW. At the same time, a loss would be a real blow to their (the UAW's) confidence."

"It comes down to a symbolic question of whether the UAW can organize the Japanese, with their mystical ways of running plants."

— COLE

Nissan is one of only three non-unionized auto assembly plants in the country, and all three are Japanese companies operating in ways that are new to the American auto industry. The UAW withdrew from a bid to organize Honda of America Manufacturing in Marysville, Ohio, three years ago and has never been back. Toyota Motors' new Camry plant in Georgetown, Ky., only recently learned that the UAW is preparing to mount its first campaign there.

A win at Nissan may provide the other plants a signal on their own future labor relations. "If the union wins at Nissan, I predict you'll hear an announcement very quickly from Toyota to the effect that it intends to cooperate with the UAW at Georgetown," Cole said. "If that happens, there may even be hope for Honda in the union's eyes."

The election will also be significant for Japanese auto suppliers now moving into the United States. Suppliers often take their cue in labor relations from their original-equipment customers, Lowe points out. If the UAW succeeds at Nissan, it will open the door for organizing Nissan's suppliers, he said.

A victory would also lend support to UAW organizing efforts around the Mid-South, where many transplants are locating and many domestic operations were never conquered. The union, typical of the AFL-CIO as a whole, has still not fully penetrated the South. Over the past five years, in fact, the UAW has called 774 local elections around the country. Only 84 of them occurred in the South.

More telling is the UAW's recent won-loss record. For the country, the union has lost 54 percent of all elections held since 1985. In the South, the UAW has lost 65 percent of its elections.

YUGO

FROM PAGE 3

be paid back all the money they are owed, but he said the amount of upfront cash is subject to negotiation.

Yugo America and its parent company, Global Motors, declared Chapter 11 bankruptcy Jan. 30, but Yugo America is now seeking to settle its debts and reorganize as a subsidiary of Zavodi Crvena Zastava, the Yugoslavian manufacturer of the Yugo.

Yugo America owes its dealers about $2.5 million, mostly for rebate and warranty claims.

Some dealers have reacted favorably to the 50 percent offer, but it may not sit well with the rest of the company's unsecured creditors, sources said.

Also, some dealers who have given up their Yugo franchises or have stopped selling Yugos may not like the proposals because Yugo America has stipulated that "active" dealers will be paid in full, while "inactive" dealers will be given nine cents on the dollar.

Most of the company's secured creditors are covered by agreements, so negotiations are expected to center on the unsecured creditors.

For instance, Manufacturers Hanover Trust Co. is owed about $3 million, but the bank has a lien on the company's inventory and is being paid as cars are sold.

Yugo America owes about $6.2 million to its 20 largest unsecured creditors, not counting dealers.

Lambert Dale Advertising, Yugo's ad agency, tops the list at $2.7 million. Car haulers are also among the leading unsecured creditors.

Paul Lambert, a partner in the New York ad agency, is chairman of the unsecured creditors' committee. Dealers have their own committee, headed by Redston.

Based on the settlement negotiations, the committees will recommend to the creditors at large whether to accept Yugo America's offers, but the creditors are not bound by the recommendations.

Any settlement also would have to be accepted by Chief Bankruptcy Judge Vincent J. Commisa in Newark, N.J.

If the creditors accept a settlement, it could be more than six months before Yugo America emerges from Chapter 11, said Robert Baime, attorney for Impex Car Corp., the New York-based agent for Zastava in the United States.

Lambert acknowledged last week that Yugo America's failure forced his advertising agency to fold, and he has since gone to work for Global Motors founder Malcolm Bricklin at Bricklin's ranch in Meeker, Colo.

In April 1988, Bricklin sold his 70 percent interest in Global Motors to a group of private investors led by the Wall Street firm of Mabon, Nugent for a reported $20 million, though Bricklin is reported to have received only about $14 million.

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TRUCKS

FROM PAGE 1

Aerostar, Econoline and Club Wagon vans, the large F-series and smaller Ranger pickups and the Bronco and Bronco II sport-utility vehicles. Each of those vehicles was based on one platform of varying wheelbase, formed through modular construction methods.

Also on the program was to have been a four-door Bronco to compete with Chevrolet's Suburban and a mid-sized pickup to go head-to-head with the Dodge Dakota, as well as a Mazda-badged Ranger pickup.

Those vehicles would have been introduced from 1993 to 1996.

Key to the PN38 program was its modular adaptability. The idea: A common platform on which would be built front-, rear- and four-wheel-drive vehicles with two different wheelbases. To those modular platform variations would be added modular four-, six- and eight-cylinder engines.

The engine program is still in full swing. At Ford's Cleveland Engine Plant No. 2 last week, Trotman said the plant would be the $735 million home to one of the company's new family of engines.

The confluence of new technologies — engine and platform modularity coupled to composite-structured vehicles — played the primary role in changing Ford's mind about the PN38 program.

The insider said the technology is so advanced that Ford didn't have the resources — engineers, tooling or investment — to make it work.

Another possible contributing factor is talk within Ford that each platform program would live or die based on its ability to meet profitability targets and to contribute to truck corporate average fuel economy standards.

The PN38 program did not lack support. According to an insider exposed to the market research, "it was an absolute home run. Everything was very positive and it seemed to be on the right track."

While denying that the program has been scrapped, a Ford spokesman acknowledged: "There is a fair amount of uncertainty surrounding our forward-look programs — as I'm sure is the case elsewhere — particularly when you take into account CAFE standards and what they will be years out. If you look at the outer limits, talk in Washington puts the figure at 40 mpg. While no laws have been passed, you have to take (figures like those) into account when you determine forward-look programs."

With CAFE standards still up in the air, Ford did not feel comfortable undertaking such a broad product program as PN38.

A source close to the project said new long-range truck plans, now sketched in pencil, would be firmed up following a meeting of Ford's policy and strategy committee in August or October.

Replacing PN38 is a new Ford truck product plan — derived by consensus from product planners and truck engineers — that is less ambitious and more drawn out, with introductions from 1993 through 1998.

- The modular Aerostar replacement which, before the PN38's death, had been scheduled for 1993, becomes a long-wheelbase derivative of the Ford-Nissan joint-venture minivan, coded VX54. The Aerostar replacement, to be built in Avon Lake, Ohio, will appear as a 1994 model. The VX54 will debut in 1992.
- In 1995, a minivan like the General Motors all-purpose vans will be built from Ford's DFC55 program, the platform replacement for the Taurus/Sable and Scorpio. The current rear-drive Aerostar will be dropped after 1995, giving Ford two front-drive passenger vans by 1996.

"That handles Ford's first priority to replace the Aerostar," the source said. Ford's major concern is that the current Aerostar, designed by truck designers, trails the Chrysler Motors minivans in popularity.

Ford's second priority is replacing its aging F-series pickup that is losing ground to GM's recently redesigned full-sized pickups.

The F-series replacement will arrive in 1996 with a full-sized conventional pickup fitted with a composite bed. Ford will begin testing composite material with the 1990½ Ranger, 10,000 of which will be fitted with a plastic box.

- In 1997, a full-sized Bronco will be pulled off this F-series replacement, and a Ranger pickup replacement will debut.
- A 1998 Bronco II is scheduled for introduction, as well as a replacement for Ford's full-sized Econoline and Club Wagon vans.

Ford's modular engines under development — which include a 2.4-liter four-cylinder, a 3.5-liter V-6 and a 4.6-liter V-8 — are expected to be built, contingent on fuel-economy standards set in Washington.

Plans call for compact vehicles to be fitted with both four- and six-cylinder powerplants while the larger vehicles will get V-6s and V-8s.

Ford will use its composite technology to engineer multiple pieces as a single unit. The process will substantially reduce Ford's manufacturing complexity.

Under the modularity plan, large sections of trucks will be shipped from suppliers as complete modules. Only final assembly will be required.

INCENTIVE WATCH

	Customer Incentives						Dealer Incentives	
		Finance Rates (Pct.) — Months —						
	Rebates	24	36	48	60	Expiration Date	Type	Expiration Date
Chrysler Motors								
Chrysler	$500 - $2,000	0.0*	5.9	6.9	10.9	None		
Dodge Cars	$500 - $1,000	0.0*	5.9	6.9	10.9	None		
Dodge Trucks	$500 - $2,000	0.0*	5.9	6.9	10.9	None		
Eagle	$500 - $1,000	0.0*	5.9	6.9	10.9	None		
Jeep	$500 - $1,000	0.0*	5.9	6.9	10.9	None		
Plymouth	$500 - $1,000	2.9	5.9	6.9	10.9	None		
*2.9 percent on some models								
Ford Motor Co.								
Ford Cars	$400 - $1,000	2.9	5.9	6.9	10.9	July 31*		
Ford Trucks	$300 - $750	2.9	5.9	6.9	10.9	July 31*		
Mercury	$750 - $1,500	2.9	5.9	6.9	10.9	July 31*		
Merkur	$2,000 - $4,000	2.9	5.9	6.9	10.9	July 31		
Lincoln	$1,000 - $1,500	2.9	5.9	6.9	10.9	July 31		
*No expiration for Ford Crown Victoria, Ford Bronco and Mercury Grand Marquis								
General Motors								
Buick	$500 - $1,500	2.9	5.9	6.9	10.9	July 10	All GM divisions: Zero to $1,000 per sale based on performance against quota. $150 per sale if dealer elects not to participate in quota program.	Sept. 27
Cadillac	$1,500							
Chevrolet Cars	$400 - $1,000	2.9	5.9	6.9	10.9	Sept. 27*		
Chevrolet Trucks	$400 - $750	2.9	5.9	6.9	10.9	Sept. 27*		
GMC	$500 - $750	2.9	5.9	6.9	10.9	None		
Oldsmobile	$1,000 - $1,500	2.9	5.9	6.9	10.9	None		
Pontiac	$700 - $1,250	2.9	5.9	6.9	10.9	None		
Cadillac does not have a finance-rate incentive *Chevrolet's rebate program has no expiration date								
Alfa Romeo							$1,000 - $6,000	Aug. 31
Audi							$3,000 on 100 and 200 fwd for meeting quota	July 31
BMW 735i			8.5	9.0	9.5	Aug. 31		
735iL, 750iL			8.5	9.0	9.5	Aug. 31		
Daihatsu							$300 if meet sales quota	Sept. 5
Honda							Up to $500	Aug. 31
Hyundai	$300 - $1,000					Sept. 5	$300 - $800, some based on qouta	
Mazda Cars	$200 - $750					Aug. 2	Up to $1,000, some based on quota	
Trucks	$750					Aug. 2		
Mitsubishi Cars							$250 - $1,750	July 31
Trucks							$500 - $1,500	July 31
Nissan Cars							$100 - $1,500, based on quota	Sept. 5
Trucks							$100 - $2,000, based on quota	Sept. 5
Peugeot							$1,000 - $2,000	Sept. 16
Porsche							$3,000 - $6,000 on 40 percent of cars sold	Sept. 30
Sterling		4.9	5.9	5.9	6.9	Aug. 31	$1,500 - $2,750	Aug. 31
Subaru	$1,000 - $3,000*					Aug. 31	$1,000 - $3,000*	Sept. 5
*Rebates go to the customer in some regions and to the dealer in other regions								
Suzuki							$1,000	Aug. 2
Toyota Cars							$100 - $2,000, some based on quota	Sept. 5
Trucks							$200 - $2,500, some based on quota	Sept. 5
Volkswagen Cars	$200 - $2,000					July 31		
Vanagon							$500	July 31

INCENTIVES

FROM PAGE 3

ing dealers a 5 percent carryover allowance on 1989 vehicles and "not doing this huge substitute for it."

Chrysler told its Jeep-Eagle dealers that it will not offer a carryover allowance for 1989 models but it plans to keep its dealers competitive with rebates on carryover models.

A Ford Motor Co. spokesman said a carryover allowance or similar program is "under discussion." Ford did not say when it will make a decision on the carryover allowance issue.

One week after GM sweetened its incentive program, Ford put its Ford Crown Victoria, Mercury Grand Marquis and Ford Bronco into a rebate program that has no expiration date. Ford left intact its current incentive program, which ends July 31.

The new rebates are $1,000 on Crown Victoria and Grand Marquis and $750 on Bronco. Those models also have been added to the Red Carpet lease program. The program offers rates of 2.75 percent of the cost of the vehicle for up to 24 months or 8 percent of the cost of the vehicle for 25-, 36- or 48-month leases, minus a $300 rebate.

Other Ford Motor vehicles are in an incentive program offering a choice between rebates ranging from $300 to $4,000 and low-interest loans on selected vehicles and rebates only on other models.

Daihatsu America announced dealer incentives last week. The importer is offering dealers a $300-per-unit advertising allowance if they meet individual sales quotas, but nothing if they don't, said C.R. "Dick" Brown, executive vice president. The program ends Sept. 5.

Jaguar Cars has extended its $5,000 rebate offer for the purchase of a 1989 Jaguar to owners of 1986 Jaguar sedans.

Previously, Jaguar had offered the $5,000 deal only to owners of 1987 sedans who bought a new Jaguar. That offer expired July 10.

Owners of 1986 sedans have from Aug. 7 to Sept. 18 to take advantage of the offer.

The $5,000 rebate may be applied to the 1989 XJ6 or Vanden Plas sedans, or to the XJ-S coupe, but not to the XJ-S convertible.

Cars must be in dealer stock.

Porsche Cars North America is issuing cash certificates to dealers based on eligible vehicles in stock or ordered between July 1 and Sept. 30. The certificates can be redeemed for $3,000 to $6,000 when the vehicles are sold.

Eligible vehicles are 1988 924-S and 1988 and 1989 944, 944-S, 944-S2 and 944 Turbo models. Dealers must have had at least two new, unused eligible models in stock on July 1 to qualify. Certificates equal to 40 percent of the models in stock or ordered from Porsche during the period will be issued, subject to rounding.

Certificates are $3,000 for 924-S and 944, $5,000 for 944-S and 944-S2 and $6,000 for 944 Turbo.

Automotive News Staff Reporters Jim Henry and Jesse Snyder contributed to this report.

PRODUCTION

Cars reach four million, ahead of '88

By Karen Detkowski
SPECIAL CORRESPONDENT

U.S. automakers built their four-millionth car of the year last Monday, eight days ahead of 1988.

So far this year, 4,007,880 cars have been assembled, 2.34 percent more than the 3,916,220 completed at this point last year.

Last week's scheduled car output of 83,488 was 49.25 percent above the previous week's 55,937, when all Ford Motor Co. plants were closed for vacation, but it was 11.17 percent below the year-ago week's 93,984.

Companies split last week's estimated output as follows:

General Motors, 35.79 percent; Ford Motor Co., 31.60 percent; Honda of America Manufacturing, 9.11 percent; Mazda Motor Manufacturing (U.S.A.) Corp., 5.06 percent; New United Motor Manufacturing Inc., 4.79 percent; Toyota Motor Manufacturing U.S.A., 4.26 percent; Chrysler Motors, 4.07 percent; Nissan Motor Manufacturing Co. U.S.A., 2.90 percent; and Diamond-Star Motors, 2.42 percent.

Truck production was scheduled at 70,387 units last week, 81.15 percent above the previous week's 38,855 and 77.20 percent above the year-ago week's 39,721.

Year-to-date, 2,439,417 trucks have been built, 7.56 percent more than the 2,267,936 assembled last year at this time.

Last Thursday, GM's Orion Township, Mich., plant began output of the 1990 Cadillac DeVille and Oldsmobile 98 Regency.

Also beginning 1990 production were GM plants in Doraville, Ga., which assembles Oldsmobile Cutlass Supreme, and Kansas City, Mo., which builds Pontiac Grand Prix.

GM's Arlington, Texas, and Linden, N.J., plants are closed for changeover until Aug. 9 and 14, respectively. The Van Nuys, Calif., and Lakewood, Ga., plants go down next week. Van Nuys will reopen Aug. 11; Lakewood, Aug. 21.

GM's Framingham, Mass., facility will close indefinitely July 28.

Ford Motor Co. will idle its Edison, N.J., assembly plant this week and next week because of high inventories of Ford Escorts. Ford's Chicago assembly plant resumes output of Taurus and Sable today. It was down a week because of high inventories.

Cars, trucks fall in Canada

With only five of 10 car and truck assembly plants open, last week's scheduled output in Canada fell below the prior week's total.

Car production was targeted at 12,487 units, 1.86 percent below the previous week's 12,723 but 45.74 percent above the year-ago week's 8,568.

Truck output was scheduled at 5,150 units last week, 20.12 percent below the prior week's 6,447 and 8.77 percent below the year-ago week's 5,645.

Toyota Motor Manufacturing Canada will close for vacation July 31 and is scheduled to resume operations Aug. 7.

U.S. CAR	Week Ended July 22, 1989	Week Ended July 23, 1988	Week Ended July 15, 1989	July to Date	Jan. 1 to July 22, 1989	Jan. 1 to July 23, 1988
Horizon	1,100	1,400	1,172	3,172	15,213	54,389
Sundance	0	3,142	0	1,964	64,561	59,633
Reliant	0	2,120	0	0	0	51,961
Acclaim	0	0	0	1,860	70,752	0
Caravelle	0	0	0	0	0	9,087
Gran Fury	0	290	0	0	0	15,057
Total Plymouth	1,100	6,952	1,172	6,996	150,526	190,127
LeBaron K	0	0	0	0	0	7,912
LeBaron J	700	2,050	0	700	55,973	44,526
LeBaron GTS	0	329	0	0	2,946	5,428
N. Yorker C-Class	0	0	0	0	57,496	63,233
Fifth Avenue	0	249	0	0	0	15,745
Total Chrysler	700	2,628	0	700	116,415	136,844
Omni	1,100	1,218	1,078	3,158	16,347	53,084
Daytona	500	2,020	0	500	47,036	43,801
Shadow	0	2,648	0	1,719	61,412	59,265
Aries	0	1,894	0	0	0	50,811
Dodge 600	0	0	0	0	0	8,549
Dynasty	0	0	0	0	83,278	59,366
Lancer	0	185	0	0	1,528	5,471
Spirit	0	0	0	1,124	60,292	0
Diplomat	0	297	0	0	0	12,371
Total Dodge	1,600	8,262	1,078	6,501	269,893	292,718
CHRYSLER MOTORS	3,400	17,842	2,250	14,197	536,834	619,689
Escort	8,126	0	0	8,126	177,414	201,238
Mustang	4,087	0	0	4,087	120,803	109,640
Tempo	2,761	0	0	2,761	83,999	102,764
Taurus	0	0	0	0	205,266	213,056
Thunderbird	2,929	0	0	2,929	91,282	84,245
Total Ford Div.	17,903	0	0	17,903	678,764	710,943
Topaz	1,672	0	0	1,672	38,904	38,291
Cougar	2,905	0	0	2,905	76,976	63,775
Sable	0	0	0	0	66,515	73,626
Total Mercury	4,577	0	0	4,577	182,395	175,692
Continental	1,178	0	0	1,178	38,771	23,716
Mark VII	381	0	0	381	13,646	12,997
Lincoln	2,343	0	0	2,343	72,382	75,589
Total Lincoln	3,902	0	0	3,902	124,799	112,302
Total L-M Division	8,479	0	0	8,479	307,194	287,994
FORD MOTOR CO.	26,382	0	0	26,382	985,958	998,937
Skyhawk	0	177	0	0	6,913	9,945
Skylark/Somerset	756	712	1,604	3,663	34,911	27,983
Century	2,765	1,580	2,774	7,789	72,601	66,096
Riviera	0	0	0	0	11,348	3,642
Electra	0	1,905	0	0	43,308	49,803
LeSabre (fwd)	0	2,592	2,925	5,222	90,007	69,970
LeSabre (rwd)	35	196	39	107	4,061	5,820
Reatta	0	166	0	0	3,140	5,140
Total Buick	3,556	7,328	7,342	16,781	266,289	238,399
Cimarron	0	0	0	0	0	3,693
Eldorado	0	0	0	0	19,103	23,410
Seville	0	0	0	0	13,997	14,488
Brougham (rwd)	0	356	950	1,870	21,933	17,799
Deville (fwd)	858	1,116	0	858	114,374	97,108
Allante	75	0	75	210	1,843	1,135
Total Cadillac	933	1,472	1,025	2,938	171,250	157,633
Cavalier	6,313	7,369	4,523	14,372	216,106	201,538
Camaro	0	2,825	0	0	64,591	51,925
Celebrity	0	2,638	0	1,727	70,349	108,343
Corsica/Beretta	0	9,460	4,326	7,983	229,026	231,362
Caprice	1,470	4,457	2,884	7,189	111,500	114,478
Corvette	560	450	560	1,568	15,413	11,878
Total Chevrolet	8,343	27,199	12,293	32,839	706,985	719,524
Calais	932	1,360	1,995	4,545	56,502	64,657
Firenza	0	0	0	0	0	5,230
Cutlass Ciera	3,145	2,260	3,072	7,774	53,561	13,156
Cutlass Supreme	1,505	3,937	0	1,505	52,630	90,891
Toronado	0	0	0	0	4,845	10,209
88 (fwd)	0	2,919	817	1,453	85,904	89,661
88 (rwd)	0	118	265	486	4,877	6,925
Olds 98	302	584	0	302	42,295	44,948
Total Oldsmobile	5,884	11,178	6,149	16,065	300,614	325,677
Sunbird	3,032	1,834	0	3,032	84,208	59,756
Grand Am	4,155	4,186	4,806	12,886	143,974	138,286
Firebird	0	1,325	0	0	35,352	36,632
Grand Prix	2,210	2,536	0	2,210	71,775	73,415
Pontiac 6000	1,775	711	1,991	4,508	47,070	43,569
Bonneville	0	2,345	0	0	51,680	63,962
Safari/Parisienne	0	71	0	0	2,691	4,697
Fiero	0	496	0	0	0	11,134
Total Pontiac	11,172	13,504	6,799	22,636	436,750	431,451
GENERAL MOTORS	29,888	60,681	33,608	91,259	1,881,888	1,872,684
DIAMOND-STAR	2,017	0	1,549	3,566	30,038	0
HONDA	7,603	7,133	7,033	14,636	212,233	196,869
Civic	2,652	2,325	2,534	5,186	72,404	54,206
Accord	4,951	4,808	4,499	9,450	139,829	142,663
MAZDA†	4,222	3,514	3,799	8,021	114,529	53,699
NISSAN	2,421	0	0	2,421	64,156	53,571
NUMMI	4,000	3,237	4,206	10,750	114,603	85,176
Corolla	1,600	1,172	1,778	4,394	46,204	31,278
Geo Prizm/Nova	2,400	2,065	2,430	6,356	68,399	53,898
TOYOTA	3,555	0	3,490	9,118	67,641	0
VOLKSWAGEN	0	1,577	0	0	0	35,595
Golf/GTI	0	1,577	0	0	0	30,042
Jetta	0	0	0	0	0	5,553
Total Cars, U.S.	83,488	93,984	55,937	180,350	4,007,880	3,916,220
Total Cars, Canada	12,487	12,343	12,723	33,710	554,877	637,740
U.S., Canada Cars	95,975	102,552	68,660	214,060	4,562,757	4,553,960
U.S., Canada Cars and Trucks	171,512	147,918	113,982	377,790	7,547,345	7,338,722

Monthly estimates may contain error of one or two units due to rounding.
†—Total includes the MX-6 and Ford Probe

CANADIAN CAR	Week Ended July 22, 1989	Week Ended July 23, 1988	Week Ended July 15, 1989	July to Date	Jan. 1 to July 22, 1989	Jan. 1 to July 23, 1988
Premier	0	1,595	0	0	22,370	38,874
CHRYSLER MOTORS	0	1,595	0	0	22,370	38,874
Tempo	0	0	0	0	72,675	102,017
Topaz	0	0	0	0	30,827	36,450
Crown Victoria	0	0	0	0	68,779	71,940
Grand Marquis	0	0	0	0	74,446	71,864
FORD MOTOR CO.	0	0	0	0	246,727	282,271
Celebrity	1,130	553	1,129	3,050	14,762	12,948
Cutlass Ciera	2,457	1,978	2,458	6,720	93,333	155,498
Lumina	6,380	0	5,077	15,638	75,999	0
Pontiac 6000	0	0	0	0	0	29,675
Regal	230	3,368	1,773	3,206	43,462	94,088
GENERAL MOTORS	10,197	5,899	10,437	28,614	227,556	292,209
HONDA	1,660	894	1,581	3,241	45,686	20,377
TOYOTA	450	0	525	1,351	7,531	0
VOLVO	180	180	180	504	5,007	4,009
Total Cars, Canada	12,487	8,568	12,723	33,710	554,877	637,740

U.S. TRUCK☆	Week Ended July 22, 1989	Week Ended July 23, 1988	Week Ended July 15, 1989	July to Date	Jan. 1 to July 22, 1989	Jan. 1 to July 23, 1988
Caravan	0	0	1,661	3,300	62,157	52,630
Dakota	100	0	0	100	55,019	61,653
Caravan C/V	0	0	0	6	4,518	8,496
Ram pickups	100	0	0	100	55,123	40,119
Total Dodge	200	0	1,661	3,506	176,817	162,898
Cherokee	2,900	3,626	0	2,900	125,081	102,230
Comanche	300	874	0	300	17,053	26,130
Grand Wagoneer	0	284	0	0	6,279	8,231
Wagoneer	50	0	0	50	5,037	6,190
Total Jeep	3,250	4,784	0	3,250	153,450	142,781
Voyager	0	0	1,512	3,027	58,725	48,601
Town & Country	0	0	147	284	1,872	0
Total C-P Div.	0	0	1,659	3,311	60,597	49,354
CHRYSLER MOTORS	3,450	4,784	3,320	10,067	390,864	362,297
Aerostar	3,980	0	0	3,980	131,692	109,133
Bronco	1,320	0	0	1,320	44,405	32,390
Bronco II	1,605	0	0	1,605	71,290	69,881
Econoline	3,925	0	0	3,925	133,044	130,025
Heavy trucks	1,297	0	0	1,297	36,289	35,060
Light trucks	10,916	0	0	10,916	303,776	266,783
Ranger	4,839	0	0	4,839	188,540	191,433
Total Ford Div.	27,882	0	0	27,882	907,036	834,705
FORD MOTOR CO.	27,882	0	0	27,882	907,036	834,705
Astro	2,985	3,365	2,962	8,318	95,199	96,392
Blazer	583	617	665	1,501	16,337	15,565
Mediums/Heavies	375	333	296	871	5,902	9,936
P-Model	667	1,017	768	2,017	20,771	22,311
Pickups	7,911	6,620	6,882	20,801	228,714	187,810
S-10	4,772	5,886	5,136	14,014	154,040	163,366
S-10 Blazer	3,897	3,648	3,890	10,965	111,745	93,409
Sportsvan/Van	2,178	2,036	1,482	5,137	56,148	50,113
Suburban	1,682	1,561	1,905	4,322	45,638	41,525
Total Chevrolet	25,070	25,083	23,986	67,946	730,775	680,427
Jimmy	167	71	189	428	4,836	4,486
Mediums/Heavies	575	769	442	1,592	9,029	22,023
P-Model	193	16	173	498	2,931	3,196
Pickups	2,482	1,991	3,580	8,354	70,076	58,177
S-15	966	1,162	1,003	2,795	35,524	37,244
S-15 Jimmy	1,052	966	947	2,809	31,004	24,264
Safari	775	892	777	2,148	24,722	24,547
Suburban	578	505	672	1,485	17,825	18,653
Vandura/Rally Vans	581	732	1,016	2,084	15,836	19,857
Total GMC	7,349	7,104	8,799	22,173	205,842	212,449
GENERAL MOTORS	32,419	32,187	32,785	90,119	936,617	892,876
NAVISTAR	1,750	0	0	1,750	46,876	45,649
NISSAN	2,136	0	0	2,136	67,434	55,959
AM GENERAL*	450	450	450	1,260	12,690	12,510
MISCELLANEOUS*	2,300	2,300	2,300	7,000	77,900	63,940
Total Trucks, U.S.	70,387	39,721	38,855	140,214	2,439,417	2,267,936

CANADIAN TRUCK	Week Ended July 22, 1989	Week Ended July 23, 1988	Week Ended July 15, 1989	July to Date	Jan. 1 to July 22, 1989	Jan. 1 to July 23, 1988
Caravan	0	0	0	2,020	80,624	79,451
Caravan C/V	0	0	0	145	7,048	7,850
Ram Wagon	0	0	0	428	15,578	13,401
Ram Van	0	0	0	857	39,800	35,238
Total Dodge	0	0	0	3,450	143,050	135,940
Voyager	0	0	0	1,773	71,727	72,320
Total Plymouth	0	0	0	1,773	71,727	72,320
Wrangler	0	23	0	1,500	44,644	26,865
Total Jeep	0	23	0	1,500	44,644	26,865
CHRYSLER MOTORS	0	23	0	6,723	259,421	235,125
FORD MTR. (lt. trks.)	0	0	0	0	89,294	91,509
Light trucks	3,600	2,604	3,211	9,775	93,096	86,130
Vans	0	983	1,169	2,160	36,743	35,396
Total Chevrolet	3,600	3,587	4,380	11,935	129,839	121,528
Light trucks	1,280	1,434	1,545	3,536	41,691	44,378
Vans	0	601	522	1,052	18,057	18,450
Total GMC	1,280	2,035	2,067	4,588	59,748	62,828
GENERAL MOTORS	4,880	5,622	6,447	16,523	189,587	184,356
NAVISTAR	270	0	0	270	6,869	5,836
Total Trks., Canada	5,150	5,645	6,447	23,516	545,171	516,826
U.S., Canada Trks.	75,537	45,366	45,302	163,730	2,984,588	2,784,762

☆—Includes window van production *—Estimated
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.